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FBIS-EAS-95-083 CONTENTS *1 May 1995*

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

- South-South Technical Cooperation Center Urged *[SUARA PEMBARUAN 26 Apr]* 1
- Foreign Ministers Meet Counterparts in Bandung 1
  - Syrian Envoy's Meetings Outlined *[Damascus SANA]* 1
  - More on Syrian Envoy's Meetings *[Damascus Radio]* 1
  - Thai Minister Meets on Issues *[Bangkok International]* 1
- Cyprus' Mikhailidhis Addresses NAM Meeting *[Nicosia Radio]* 2
- NAM Session Takes Up Palestine Issue *[ANTARA]* 2
- NAM Ministers Discuss Stand on NPT Extension 2
  - No Consensus Reached *[Tehran IRNA]* 2
  - Indonesia's Alatas Views Debate *[ANTARA]* 3
  - Libya Confirms Opposition *[Tripoli JANA]* 4
- Syrian Envoy Comments on NPT Renewal, Israel *[Damascus Radio]* 4
- NAM Coordinating Bureau Issues Communique 4
  - Regional Peace, Stability Stressed *[ANTARA]* 4
  - UN Agenda for Development Endorsed *[ANTARA]* 5
- Quadrilateral Trade Ministers Meeting Previewed *[KYODO]* 5

INTER-ASIAN AFFAIRS

- ASEAN Economic Ministers Continue Session 6
  - IPR Framework Considered *[BUSINESS DAY 28 Apr]* 6
  - Agreement Reached on Tariff Plan *[THE NATION 29 Apr]* 6
  - Industrial Cooperation Studied *[BANGKOK POST 29 Apr]* 7
  - SRV Offered Tariff Grace Period *[BUSINESS DAY 1 May]* 7
- AFTA Council Views Unprocessed Farm Products *[BANGKOK POST 28 Apr]* 8

NORTHEAST ASIA

Japan

- Auto Talks Expected To Hit 'Roadblock' *[KYODO]* 10
- Auto Industry Urged To Act on 'Own Initiative' *[ASAHI SHIMBUN 29 Apr]* 10
- Quadrilateral Trade Talks in Canada Previewed *[MAINICHI SHIMBUN 30 Apr]* 11
- Tokyo 'Reacts Calmly' to USTR Action *[KYODO]* 11
- JDB To Expand Import Loan Program *[YOMIURI SHIMBUN 28 Apr]* 12
- Paper Views G-7 Finance Ministers Meeting *[MAINICHI SHIMBUN 28 Apr]* 12
- SDF To Expand Support for U.S. Military *[KYODO]* 13
- DA Considers Free Cross-Servicing With USFJ *[MAINICHI SHIMBUN 28 Apr]* 13
- Cap on Support for USFJ Discussed *[ASAHI SHIMBUN 28 Apr]* 14
- Daily Urges Strong Security Ties With U.S. *[NIHON KEIZAI SHIMBUN 28 Apr]* 14
- Post-Cold War Security Framework Examined *[NIHON KEIZAI SHIMBUN 23 Apr]* 15
- Tamazawa, Perry Defense Summit Previewed *[SANKEI SHIMBUN 29 Apr]* 16
- Possible Sanctions Against DPRK Examined *[SANKEI SHIMBUN 22 Apr]* 17
- Official: DA Watching Moves of DPRK Army *[SANKEI SHIMBUN 28 Apr]* 18
- Topics for Murayama's PRC Visit Reported 18
  - To Demand End to Nuclear Tests *[YOMIURI SHIMBUN 28 Apr]* 18
  - To Offer Aid To Revamp IP System *[NIHON KEIZAI SHIMBUN 29 Apr]* 18
  - 'Future-Oriented' Ties Reaffirmed *[KYODO]* 18
- Taiwan Envoy Calls for Japan Say 'No' to PRC *[SHUKAN DAIYAMONDO 22 Apr]* 19
- Deregulation Leads Oil Firms To Wholesale Power *[NIHON KEIZAI SHIMBUN 16 Apr]* 20

Panelist Reviews Deregulation Program *[EKONOMISUTO 18 Apr]* ... 21
Experts Discuss High Yen, Industrial Hollowing *[SHUKAN DAIYAMONDO 22 Apr]* ... 24
Positive Aspects of Strong Yen in Asia Viewed *[NIHON KEIZAI SHIMBUN 23 Apr]* ... 29
Editorial Comments on Emergency Yen Package *[NIHON KEIZAI SHIMBUN 16 Apr]* ... 30
Finance Ministry Drafts Supplementary Budget *[KYODO]* ... 31
Editorial on Benefits of Yen Appreciation *[NIHON KEIZAI SHIMBUN 17 Apr]* ... 31
Defense Plan Proposes Counterterrorist Measures *[NIHON KEIZAI SHIMBUN 16 Apr]* ... 33
Defense Agency's Murata Urges More Quality *[KYODO]* ... 33
Vice Minister Interviewed on Defense Program *[SANKEI SHIMBUN 26 Apr]* ... 33
MSDF To Purchase New-Type Harrier Fighters *[TOKYO SHIMBUN 28 Apr]* ... 34
LDP Moves Toward New Policy Groups *[NIHON KEIZAI SHIMBUN 27 Apr]* ... 35
Hata Interviewed on NFP's Future Strategy *[NIHON KEIZAI SHIMBUN 16 Apr]* ... 36
Funada Comments on NFP, Criticizes Leadership *[YOMIURI SHIMBUN 29 Apr]* ... 37
SDPJ 'Rebel' Group Drops Bid for New Party *[KYODO]* ... 37
SDPJ Rebel Group Leader To Quit Party *[KYODO]* ... 37

North Korea

U.S. Conducted 190 Acts of 'Aerial Espionage' *[KCNA]* ... 38
U.S. Side 'Refusing To Repatriate POW's' *[KCNA]* ... 38
ROK Incites 'War Atmosphere' in DMZ 27 Apr *[KCNA]* ... 38
Daily Denounces ROK 'Shelter-Taking Exercises' *[KCNA]* ... 38
ROK Radio Report on Taegu Explosion Cited *[Pyongyang Radio]* ... 39
More Reports on International Sports Fesitval ... 39
    Foreigners Continue To Arrive *[KCNA]* ... 39
    Tourists Visit Kim Il-song Statue *[KCNA]* ... 39
    Kim Yong-sun Meets With Guests *[KCNA]* ... 39
    Pakistan Delegation Arrives *[KCNA]* ... 40
    Muhammad Ali Said Guest of Honor *[KCNA]* ... 40
    Folk Games Held During Festival *[KCNA]* ... 40
Japan 'Collection of Information' on Army Decried *[KCNA]* ... 40
Trade Union Delegation Departs for China, India *[KCNA]* ... 41
Kim Yong-nam Delegation Returns From Indonesia *[KCNA]* ... 41
Premier Sends Greetings to FRY Counterpart *[KCNA]* ... 41
Activities Celebrating 105th May Day Reported ... 41
    Leaders Attend Report Meeting *[KCNA]* ... 41
    WPK Secretary Delivers Report *[Pyongyang Radio]* ... 42
    Korean Working Class Celebrates *[KCNA]* ... 48
    Appeal Issued to World Workers *[KCNA]* ... 48
    Appeal to ROK Workers Adopted *[KCNA]* ... 48
WPK Commemorates 50th Founding Anniversary *[KCNA]* ... 49
Meeting Marks Kim Chong-il Guidance to Sinuiju *[Pyongyang Radio]* ... 51
Kim Chong-il Visits Academy of Sciences 28 Apr *[Pyongyang Radio]* ... 52
    Accompanied by WPK Officials *[KCNA]* ... 53
    Event Considered 'Unusual' *[KYODO]* ... 53
Kim Chong-il Work on Training Women Cadres Noted *[KCNA]* ... 54
Kim Chong-il Sends Birthday Tables to Women *[KCNA]* ... 54
'Mystery' Funeral Committee Name Identified *[KYODO]* ... 54
More Foreigners Visit Statue of Kim Il-song *[KCNA]* ... 54
Reunification Under Three Principles Stressed *[KCNA]* ... 55

South Korea

U.S. Denounced for Putting ROK on Watch List *[YONHAP]* ... 55
Talks With U.S. Breakdown on Shelf-Life Issue *[YONHAP]* ... 55
Official Briefs Reporters on U.S Trade Dispute *[YONHAP]* ... 56
Papers View Breakdown of Trade Talks With U.S. *[SEOUL SINMUN 30 Apr, etc.]* ... 57
'Blind Patriotism' Viewed in Customs Clearance *[THE KOREA TIMES 29 Apr]* ... 58
Government Promotes Sample N-S Economic Projects *[YONHAP]* ... 59

  Promotes N-S Sociocultural Exchange *[YONHAP]* 59
Expectations for N-S Relations in May Assessed *[TONG-A ILBO 1 May]* 60
Testimony by Former NSP 'Secret Agent' Defector *[MAL May]* 60
Foreign Minister Meets With Japanese Lawmakers *[YONHAP]* 65
Government Decides on Antiterrorist Task Force *[THE KOREA HERALD 29 Apr]* 65
National Security Monitoring Team Explained *[YONHAP]* 66
President Visits Scene of Taegu Gas Explosion *[YONHAP]* 66
  Urges Disaster Prevention Measures *[YONHAP]* 66
Three Employees Arrested for Causing Explosion *[YONHAP]* 66
Gas Explosion Deals 'Another Blow' to Government *[THE KOREA HERALD 29 Apr]* 67
Effects of Explosion on Elections Considered *[THE KOREA TIMES 30 Apr]* 67
Plan To Make Explosion 'Hot Political Issue' *[THE KOREA HERALD 30 Apr]* 68
Repair Work on Power Facilities Begins in Taegu *[YONHAP]* 68
Dailies Comment on 28 Apr Gas Explosion in Taegu *[CHOSON ILBO 29 Apr, etc.]* 68
'Disarray' in NUB, Ministry Coordination Noted *[CHOSON ILBO 1 May]* 69

SOUTHEAST ASIA

Cambodia

Ambassador Twining Labeled 'Murderer' *[Radio PGNUNS]* 71
Khmer Rouge on U.S.-Thai Military Exercises *[Radio PGNUNS]* 71
Governor General Hayden Ends Official Visit *[Melbourne International]* 72
Police Say Thai 'Spies' Assist Khmer Rouge *[PHNOM PENH POST 21 Apr-4 May]* 72
Former Foreign Minister Sirivut Visits Vietnam *[REAKSMEI KAMPUCHEA 27 Apr]* 73
Government To End Ban on Rice Exports *[Phnom Penh Radio]* 73
Singapore Team To Help in Economic Development *[REAKSMEI KAMPUCHEA 27 Apr]* 73
Sihanouk Rejects Report on Succession Plan *[Phnom Penh Radio]* 74
Ranariddh Discusses Electoral Committee *[Phnom Penh Radio]* 74
Radio Urges Patience, Unity With Government *[Phnom Penh Radio]* 75

Thailand

Spratlys To Serve as ARF 'Baptism of Fire' *[THE NATION 1 May]* 75
Reportage on Issues Related to ASEAN Economy 76
  Economic Integration Urged *[THE SUNDAY NATION 30 Apr]* 76
  Choice of Tariff Plans Viewed *[BANGKOK POST 28 Apr]* 77
China Agrees To Cooperate in S&T Projects *[ZHONG HUA RIBAO 24 Apr]* 78
Panel With Cambodia To Resolve Claims in Gulf *[BANGKOK POST 29 Apr]* 78
Protest Lodged With Burma Over Border Raid *[BANGKOK POST 29 Apr]* 79
Burma Affirms No Change in Gas Pipe Route *[BANGKOK POST 28 Apr]* 80
Editorial Urges Tough Stance With Burmese *[THE NATION 29 Apr]* 80
Chuan Wants Solution to Refugee Center Dispute *[BANGKOK POST 1 May]* 81
  Wimon on Forced Repatriation *[THE SUNDAY POST 30 Apr]* 82
  Interior Minister Backs Relocation *[BANGKOK POST 29 Apr]* 83
Karen 'Army' Threatens More Raids on Camps *[BANGKOK POST 1 May]* 84

Vietnam

Giap: U.S. Morally, Legally Liable for War *[KYODO]* 85
  Welcomes Improved Relations *[MAINICHI SHIMBUN 26 Apr]* 85
Anniversary of Liberation of South Celebrated 86
  Do Muoi on Historic Victory *[Hanoi Radio]* 86
  Ho Chi Minh City Marks Anniversary *[VNA]* 86
Resolution of 9th Assembly Session Released *[Hanoi Radio]* 86
Minister on Current, Future Government Agenda *[Hanoi Radio]* 88
Maritime Director Interviewed on Ships, Ports *[Hanoi Radio]* 89
Minister Discusses Development of Energy Sector *[Hanoi Radio]* 90
Thac Mo Power Plant Said Fully Operational *[VNA]* 91

South-South Technical Cooperation Center Urged

BK2704103395 Jakarta SUARA PEMBARUAN in Indonesian 26 Apr 95 p 1

[FBIS Translated Excerpt] Indonesia has proposed establishment of a Center for South-South Technical Cooperation. [preceding six words in English]

Foreign Minister Ali Alatas said this during a press briefing at the end of the first day of the ministerial meeting of the Nonaligned Movement [NAM] Coordinating Bureau in Bandung. The foreign minister said that the establishment of a Center for South-South Technical Cooperation is strategic for the development of the NAM member countries.

Citing an example, he said that with the establishment of the center more concrete efforts for the expansion of technical cooperation among developing countries could be taken, such as in organizing several programs for human resources development. [preceding three words in English]

The Indonesia's proposal was warmly received by delegates at the NAM Coordinating Bureau meeting, so that there was a big possibility it would become one of the decisions to be adopted at the end of the meeting, the foreign minister said. [passage omitted]

Foreign Ministers Meet Counterparts in Bandung

Syrian Envoy's Meetings Outlined

JN2604151195 Damascus SANA in Arabic 1435 GMT 26 Apr 95

[FBIS Translated Text] Bandung, 26 Apr (SANA)—On the sidelines of the ministerial Coordination Bureau of the Nonaligned Movement [NAM], [Syrian] Foreign Minister Faruq al-Shar' received at his residence in Bandung this morning Sudanese Foreign Minister 'Ali 'Uthman Taha.

The meeting was attended by the Sudanese ambassador in Jakarta. Discussions dealt with the Arab situation and topics on the agenda of the ministerial meeting of the Coordination Bureau, developments in the peace process, and bilateral relations.

Al-Shar' also met this afternoon with Swedish Deputy Foreign Minister Zar Alikson [name as transliterated] and discussed the situation in the region, the nuclear Nonproliferation Treaty [NPT], and the peace process.

Al-Shar' met this evening with Cypriot Deputy Foreign Minister Alekandros Mikhailidhis and discussed the situation in the region and bilateral relations.

Al-Shar' met yesterday with Iranian Foreign Minister 'Ali Akbar Velayati and discussed the situation in the region and bilateral relations.

Talks also dealt with the position on the NPT and agenda topics of the NAM Coordination Bureau.

More on Syrian Envoy's Meetings

JN2704141095 Damascus Syrian Arab Republic Radio Network in Arabic 1115 GMT 27 Apr 95

[FBIS Translated Text] Bandung—Foreign Minister Faruq al-Shar' met on the sidelines of the meeting of the Coordination Bureau of the Nonaligned Movement [NAM] in Bandung today with DPRK Vice Premier and Foreign Minister Kim Yong-nam who asked al-Shar' to convey a message to President Hafiz al-Asad from DPRK President Kim Chong-il. During the meeting, the talks dealt with relations of friendship and coordination between the two friendly countries.

Foreign Minister Faruq al-Shar' also today met with Indonesian Foreign Minister Ali Abdullah Alatas in his capacity as chairman of the ministerial meeting of the NAM Coordination Bureau. The talks dealt with the agenda of the meeting and the peace process.

Alatas expressed high appreciation for Syria's positive contributions and continuous support for the NAM. He reiterated his country's support for Syria's firm stand toward achieving a just and comprehensive peace in the region.

Al-Shar' also met with Guinea's Foreign Minister (Cozo Nzoma Niguay). The talks dealt with the next meeting of the foreign ministers of the Organization of Islamic Conference [OIC] proposed to be held in Konakry in October. They also discussed developments in the region and the situation in West Africa.

Al-Shar' also met with South African Foreign Minister Alfred Nzo. The talks dealt with bilateral relations and the stand toward the Nuclear Nonproliferation Treaty.

Thai Minister Meets on Issues

BK2704031295 Bangkok Radio Thailand Network in English 0000 GMT 27 Apr 95

[FBIS Transcribed Text] Thailand and South Africa have agreed to cooperate in the diamond industry and the training of personnel in this field.

Foreign Minister Krasae Chanawong and his South African counterpart Alfred Nzo held talks on bilateral relations when they met at a Nonaligned Movement meeting in Bandung, Indonesia, this week.

Foreign Minister said the Thai Government has already approved an agreement on the avoidance of double taxation between the two countries. He said both sides agreed that South Africa cooperates with ASEAN [Association of Southeast Asian Nations] in the same manner as ASEAN-European Union cooperation.

Minister Krasae invited South African leaders including the foreign minister to visit Thailand.

He also met his Singaporean counterpart, who admired Thailand for accepting to host the Asia-Europe meeting. The Singaporean foreign minister said he believed that the diplomatic row between his country and the Philippines would be settled soon and thanked Thailand for its concerns over the issue.

Cyprus' Mikhailidhis Addresses NAM Meeting

NC2704131995 Nicosia Cyprus Broadcasting Corporation Radio Network in Greek 0430 GMT 27 Apr 95

[FBIS Translated Text] Intervening at the Nonaligned coordinating bureau ministerial meeting in Bandung, Indonesia, Foreign Minister Alekos Mikhailidhis said that although several resolutions have been adopted, a Cyprus solution cannot be found because the Turkish side lacks the political will and the UN Security Council is indecisive in implementing its resolutions. He also denounced Turkey for continuing to colonize the occupied areas.

Mikhailidhis met several foreign ministers on the sidelines of the meeting. The parliamentary delegation in Bandung also held many meetings.

NAM Session Takes Up Palestine Issue

BK2804080195 Jakarta ANTARA in Indonesian 1736 GMT 26 Apr 95

[FBIS Translated Text] Bandung, 26 Apr (ANTARA)—The Nonalignment Movement [NAM] has expressed its hope that the United Nations (UN) will make a continuous effort to settle the Palestinian issue. This was stated by Foreign Minister Ali Alatas in Bandung on Wednesday.

Speaking at a news briefing after chairing the NAM's ministerial level Coordinating Bureau Meeting (KTM), he said: "We appreciate what the United Nations has done for Palestine, but we also hope it will continue to play an active role toward a complete settlement of the Palestinian issue."

On the second day of the meeting, the committee successfully dealt with the eighth agenda item. This was the evaluation of several international issues, including the issue of the restructuring, revitalization, and democratization of the United Nations.

Other issues that were discussed included Palestine, Burundi, and Bosnia-Herzegovina.

The meeting continued after dinner with the delegates discussing the Nuclear Nonproliferation Treaty [NPT] issue. This is receiving wide attention due to the question of the indefinite and unconditional renewal of the NPT at the ongoing meeting in New York.

International Action

Alatas stated that international action was greatly needed, considering that the Palestinian issue has yet to be totally settled, and furthermore it is hoped that the United Nations will make more concerted and constructive efforts.

He said: "International action is needed in an effort to protect Palestinians in several occupied territories from Israeli violations of the Geneva Convention."

According to Alatas, the United Nations has the responsibility of solving the Palestinian issue, which has yet to be totally settled.

Alatas also explained that the NAM Committee on Palestinian Affairs headed by Indonesia held a separate meeting on the same day to discuss the latest developments in Palestine.

The committee consists of representatives from Algeria, Bangladesh, Cuba, India, Indonesia, Palestine, Senegal, and Zimbabwe.

In a news statement circulated to reporters after the committee meeting, Alatas explained that the situation in Palestine, including Jerusalem, was worsening as a result of Israeli occupation.

Israel's occupation of the territories is a violation of the peace agreement that was signed between the Palestinian Liberalization Organization (PLO) and the Israeli Government on 13 September 1993.

The agreement provided for Palestinian self-rule in the Gaza Strip and in Jericho on the West Bank.

In its statement, the committee said: "Israel's hardline attitude in occupying the Palestinian territories poses a threat to the continuing peace efforts."

The committee also expressed its regret over numerous Israeli actions that are not in accord with its commitment toward noninterference in the Palestinian Council's activities in East Jerusalem.

The committee also requested that Israel immediately adhere to the UN resolutions without changing the demographic composition of Jerusalem and also refrain from setting up any illegal settlements in the Palestinian territories.

NAM Ministers Discuss Stand on NPT Extension

No Consensus Reached

LD2704185095 Tehran IRNA in English 1750 GMT 27 Apr 95

[FBIS Transcribed Text] Kuala Lumpur, April 27, IRNA—Foreign ministers of the Non-aligned Movement meeting in Bandung, Indonesia, on Thursday failed to reach a common position on the proposed permanent extension of the Nuclear Non-proliferation Treaty (NPT).

According to a report from Jakarta, the meeting which started on Tuesday and ended today in the West Java hilltown of Bandung, the participants were split almost equally between those in favour and those against an indefinite extension of the treaty. A document issued after the prolonged talks on the NPT recognised that the treaty had been useful in promoting international peace and security but made no recommendation on whether it should be extended indefinitely.

The report said that an earlier draft of the statement had called for the treaty to continue in force for "rolling fixed period of 25 years" with a review and extension conference at the end of each period. The paragraph was deleted in the final version.

The discussions on the treaty lasted the better part of two days and were the longest on any single topic during the three-day ministerial meeting of NAM's coordinating bureau.

Indonesia, which chairs the NAM, has raised strong objections to an indefinite NPT extension, saying nuclear disarmament by countries that have nuclear weapons is an outstanding prerequisite.

Foreign Minister 'Ali Akbar Velayati is representing Iran at the meeting which is being attended by 97 of the 112 member countries plus observers and guest nations and organizations. (endall) 271750 cavey/pg 27/1852

Indonesia's Alatas Views Debate

BK2804081395 Jakarta ANTARA in Indonesian 0445 GMT 27 Apr 95

[FBIS Translated Text] Bandung, 27 Apr (ANTARA)—The meeting on the Nuclear Nonproliferation Treaty (NPT) was adjourned on Thursday morning at 0010 West Indonesia Time and will resume during Thursday's Extraordinary Ministerial Meeting, or EMM.

Meeting chairman Ali Alatas told reporters in Bandung on Thursday morning that Wednesday night's meeting ran smoothly. Numerous opinions were heard regarding the NPT.

He said: "The NPT meeting will continue during the extraordinary meeting." Ali Alatas, who appeared fresh after chairing a marathon meeting since early Wednesday morning, said that because the meeting has not yet concluded nothing can be said regarding its outcome.

In fact, the EMM will discuss the 12th agenda item of the NAM's ministerial level Coordinating Bureau; that is, elaborating on four working papers forwarded by several committees of the NAM's Coordinating Bureau in New York, the United States.

The four working papers are on the issues on the NPT, the declaration on services rendered by the United Nations over the last 50 years, UN restructuring, and the agenda for peace (a proposal from the UN secretary general).

Because the debate on the working papers was not considered to have any direct connection to the preparation for the 11th NAM Summit scheduled for 18-20 October in Cartagena, Colombia—the true role of the Coordinating Bureau—last week's Senior Officials Meeting (SOM) decided to carry the Coordinating Bureau's work over to the EMM, particularly when it discusses the 12th agenda item.

The NPT was the ninth topic, while the 10th dealt with Colombia's preparations for the NAM's upcoming 11th summit conference. The 11th agenda item was the agreement on a joint communique.

The NAM's Indecisive Position

In connection with the postponement of the meeting scheduled for early Thursday morning, according to sources at the conference, it was learned that the NAM's position on the NPT remains uncertain because of the equitable arguments made by two groups.

A source at the conference said that of the 20 countries that participated in the discussions on the NPT since they resumed on Wednesday night at 2030 West Indonesia Time, 12 supported the idea of a fixed extension that should be updated every 25 years.

Meanwhile, eight other countries—including Singapore, Benin, Madagascar, and Tunisia—supported the idea of an indefinite extension.

Another conference source revealed that of the 112 countries in the NAM, 60 support the idea of an indefinite extension—the position sought by the United States and its nuclear allies for their own benefit.

According to Alatas, apart from the 20 countries that expressed opinions, there are 17 more countries that have requested a chance to discuss the issue. This will be done during the EMM.

There are three options for the UN conference on the NPT currently being held in New York in the United States: Indefinite extension, a one-time fixed extension, and repeated renewal.

The nuclear countries have opted for the first option. No country has opted for the second. Most of the developing nations prefer the third option, including Indonesia.

According to the schedule, most of the ministers will leave Bandung via special train at 1800 West Indonesia Time on Thursday (27 April) to attend the NAM sculpture exhibition that President Suharto will open in Jakarta on Friday morning.

During his news conference on Wednesday, Alatas also expressed the hope that the meeting would conclude by Thursday afternoon.

Three Major Issues

Sources at the conference stated that the meeting on the nuclear issue was extended because of three major issues; that is, the important consideration of the NPT, the regional approach in connection with the reduction of nuclear weapons, and the importance of a common standard for the reduction of nuclear weapons.

Regarding the importance of a mutual review of the NPT, most delegates agreed that nuclear weapons have become irrelevant since the end of the Cold War. Their existence will only encourage a further race for nuclear weapons.

Concerning the issue of a common standard, several countries stressed the importance of the need to establish a mutual standard that can be used to evaluate the good intentions of nuclear countries in their effort to reduce their nuclear arsenals.

Meanwhile, several delegates do not consider the NPT the only factor in creating peace for the world in general. The regional approach, for example in the Pacific, is also important within the framework of global weapons reduction.

Hope for a Compact Decision

A number of delegates expressed the hope that a single voice will arise from the NAM Ministerial Coordinating Bureau, BKTM, in connection with the issue. A united voice from the 112 countries of the NAM cannot be disregarded by the UN conference on the NPT.

All along the United States and its allies have been stressing the "horizontal" aspect—no new nuclear country should emerge under the agreement. Meanwhile, the NAM member countries headed by Indonesia have greatly stressed the underlying values behind the establishment of the NPT; that is, moving toward a substantial reduction of nuclear weapons. This means that all countries with nuclear arsenals will be involved in such a decision.

As such, the NAM views the "vertical" dimension of the agreement as very important; that is, its hope that all countries possessing nuclear weapons will make a very significant reduction in their nuclear arsenals.

Libya Confirms Opposition

LD2704191995 Tripoli JANA in English 1807 GMT 27 Apr 95

[FBIS Transcribed Text] Bandung, al Tayr [April] 27, JAMAHIRIYAH NEWS AGENCY—The head of the Great Jamahiriyah delegation said in his intervention at today's session of the ministerial council meeting of the Non-alignment Movememt held in Bandung, that the Great Jamahiriyah would not agree to the renewal of the Nuclear Non-proliferation Treaty [NPT] unless the world forces the Israelis [to] destroy their weapons of mass destruction and the arsenal in their position with a scheduled programme.

He added that the Great Jamahiryah supports the objectives and aims of the treaty but it calls for its repair, particularly concerning its implementation and the avoidance of double standard practices.

Syrian Envoy Comments on NPT Renewal, Israel

JN2804054395 Damascus Syrian Arab Republic Radio Network in Arabic 0415 GMT 28 Apr 95

[FBIS Translated Excerpt] Bandung—The ministerial conference of the Coordination Bureau of the Non-Aligned Movement concluded its meetings in Bandung yesterday evening. The conference held detailed discussions of the review of the Nuclear Nonproliferation Treaty [NPT]. The conferees reviewed the NPT's drawbacks and shortcomings and the nuclear states' nonfulfillment of their obligations.

Foreign Minister Faruq al-Shar' explained the Syrian position, stressing that Syria can never agree to an extension of the NPT unless Israel joins it and subjects Israeli nuclear facilities to international inspection.

The conferees drafted a paper that stresses the urgent need to achieve the universality of the NPT as a means to enhance world peace and security, to remove nuclear and other weapons of mass destruction, and transfer nuclear technology for peaceful purposes to nonnuclear states without hindrance or discrimination. [passage omitted]

NAM Coordinating Bureau Issues Communique

Regional Peace, Stability Stressed

BK2804141195 Jakarta ANTARA in Indonesian 1848 GMT 27 Apr 95

[FBIS Translated Text] Bandung, 27 Apr (ANTARA)—The Nonaligned Movement [NAM] has stressed the need for a peaceful settlement of all disputes over jurisdiction and sovereignty in the South China Sea and urged all parties to exercise self-restraint to create a positive climate for the settlement of all the disputes.

In a final communique issued at the end of the four-day ministerial conference of the NAM Coordinating Bureau in Bandung on Thursday, the NAM foreign ministers expressed concern over recent developments that could disrupt peace and stability in the region.

The Spratly Islands in the South China Sea are claimed in whole or in part by China, Malaysia, Brunei Darussalam, Taiwan, Vietnam, and the Philippines.

The Philippines and China clashed recently over their overlapping claims in the South China Sea.

The NAM communique supports principles enshrined in the ASEAN Declaration on the South China Sea and stresses the need for all relevant parties to fully implement the principles.

The communique expresses satisfaction over positive dialogue and cooperation for peace and security in Southeast Asia, as demonstrated at the ASEAN Regional Forum [ARF] in Bangkok on 25 July 1994.

The ARF endorsed the objectives and principles of the ASEAN Treaty of Amity and Cooperation as a code of conduct [preceding three words in English] in governing relations between countries in the region and as a unique diplomatic means for building regional trust and achieving regional political cooperation.

On the Korean issue, the NAM foreign ministers once again reaffirmed their support for the Korean people's efforts to reunify their motherland.

The communique expresses the hope that the nuclear issue on the Korean peninsula, in view of its military and political nature, will be peacefully settled through dialogue and talks among all relevant parties.

UN Agenda for Development Endorsed

BK2804140695 Jakarta ANTARA in Indonesian 2003 GMT 27 Apr 95

[FBIS Translated Excerpt] Bandung, 27 Apr (ANTARA)—The Nonaligned Movement [NAM] foreign ministers on Thursday expressed hope that the Agenda for Development [three preceding words in English] will become the core of UN development activities beneficial to developing countries.

In a final communique issued at the end of the ministerial conference of the NAM Coordinating Bureau on Thursday, the NAM foreign ministers expressed the hope that the agenda will be oriented to action and helpful to development in developing countries.

The Agenda for Development is a concept put forward by the UN secretary general at a special session of the UN General Assembly on international development cooperation in 1994.

Foreign Minister Ali Alatas said in a news conference after closing the ministerial conference of the NAM Coordinating Bureau that the Agenda for Development was one of the four working papers discussed at the ministerial conference, which was the 12th agenda item of the NAM Coordinating Bureau.

The ministers discussed various issues such as globalization and interdependence, trade, science and technology, South-South cooperation, and North-South dialogue.

The three other working papers were a draft declaration on the 50th anniversary of the United Nations; the restructuring, revitalization, and democratization of the United Nations; and an extension of the Nuclear Nonproliferation Treaty.

In the communique, the foreign ministers stated that the Agenda for Development should be able to promote the effective implementation of agreements on various aspects of economic and social development and to address problems in such areas as trade, distribution of funds, science and technology, and information.

Economic Openness

In addition, the NAM foreign ministers reiterated their demand that decisions on international economic and financial issues be taken in a democratic and transparent manner and with the full involvement of developing countries to ensure that their interests will not be ignored.

The ministers regarded North-South dialogue as an important factor to create an international economic system conducive to efforts to undertake development in developing countries.

"The ministers state that all countries need to adopt an appropriate and balanced approach to development cooperation and global interdependence," the final communique said.

The NAM foreign ministers expressed their disappointment with economic practices that could affect the international economic situation such as protectionism, trade and market restrictions, declining development funds, and the limited access of developing countries to technology.

"Such practices could widen the gap between the rich and poor countries," the ministers said in the communique. [passage omitted on conference agenda]

Quadrilateral Trade Ministers Meeting Previewed

OW2904071895 Tokyo KYODO in English 0652 GMT 29 Apr 95

[FBIS Transcribed Text] Tokyo, April 29 KYODO—Trade ministers from Japan, the United States, Canada and the European Union (EU) will discuss a range of problems involved in the new global trading order during their upcoming meeting in Canada, Japanese officials said Saturday [29 April].

The three-day gathering from Wednesday in Whistler, a resort town near Vancouver, will be the first quadrilateral trade ministers' meeting since the Jan. 1 launch of the World Trade Organization (WTO).

The biggest topic at the meeting will be to explore how each WTO country can maintain its drive toward free trade goals following the conclusion of the Uruguay Round accords, the officials said.

Specifically, the ministers will focus on how to harmonize WTO accords with domestic trade rules and competition policies, such as industrial standards and certificates, investment codes and antitrust regulations, the officials said.

Financial services and telecommunications, issues that have been left unresolved under the Uruguay round, will also be taken up at the "quad" meeting, the officials said.

Other topics will include China's bid for WTO membership, strengthening of the WTO's enforcement power and emerging global trade issues such as how to balance trade activity with environmental protection, they said.

The meeting will be chaired by Canadian International Trade Minister Roy MacLaren. Japan's International Trade and Industry Minister Ryutaro Hashimoto, U.S. Trade Representative Mickey Kantor and European Commission Vice President Leon Brittan will also be in attendance.

ASEAN Economic Ministers Continue Session

IPR Framework Considered

BK2804140595 Bangkok BUSINESS DAY in English 28 Apr 95 pp 1, 3

[FBIS Transcribed Text] Phuket—Thailand has the resources to establish an Asean regional patent office, according to Suchai Chaowisit, director-general of the Department of Intellectual Property.

"If our Asean colleagues decide that Thailand would be best suited, then we are willing to locate and finance the Asean Patent Office here," said Mr Suchai. Once such an office is established the costs could be recovered from contributions from users and fees from applicants.

The Philippines has also requested to be the site of the proposed central clearinghouse.

A computerized regional patent office would provide economies of scale for intellectual property offices within Asean. Mr Suchai estimates that there are 30 million patents worldwide and 30,000 among Asean countries.

"It is too costly for countries to try to be self-sufficient," he pointed out.

Mr Suchai went on to say that the establishment of such an office is still being debated, with Singapore not totally convinced at this stage.

Thailand has already established a Department of Intellectual Property and has updated its laws to comply with international standards.

He says that in order to "speed things up," the department requires additional resources. The existing staff of 192 is stretched to the limit with a wide variety of responsibilities. The Japanese government has contributed $5 million worth of aid to purchase computer equipment and other resources for the Thai office.

This hardware is expected to arrive within five months. Judicial officials are also touring the United States to observe enforcement of intellectual property rights there.

Mr Suchai says that locating a regional patent office in Thailand would provide a "goldmine for knowledge". Thai inventors would be able to use the patent documents for research on state of the art technology. This research could be used as a basis for their own innovations and inventions.

An Asean working group reached an agreement on Tuesday establishing a framework for protection of intellectual property rights. The working group is chaired by Wirawit Wiraworawit, Director of the Technical and Planning Division of Thailand's Intellectual Property Division.

The framework agreement was accepted on Wednesday by Asean senior economic officials. The only dispute among the ministers concerned the definition of the language to be submitted for approval to the Asean summit meeting in December.

One version says that Asean members "endeavor to set up" a regional patent office. The other says that members "endeavor to explore the possibility of setting up" such an office.

Once the semantic dispute is resolved, Mr Suchai estimates that the office will become fully operational within three or four years.

Although Asean can provide a legal and institutional framework for cooperation, enforcement must remain the responsibility of each sovereign nation, stressed Mr Suchai.

Although Vietnam will not be admitted to Asean until July, the Hanoi government is already cooperating in the intellectual property rights area.

A dispute with Thailand concerning the Samit 14 cigarette trademark was recently resolved at governmental level. Samit has had a registered trademark in Thailand for over 30 years and has been marketing its cigarettes in Vietnam since the Vietnam war.

When a Vietnamese company applied to the government of Vietnam to protect the trademark, the Thai government objected. Vietnam agreed to register the Thai company's trademark rather than the Vietnamese impostor. This dispute was resolved in a period of only two months.

Thailand has also signed memoranda of understanding with China and Laos to co-operate in the protection of intellectual property. Mr Suchai says that co-operation with Myanmar [Burma] may be easier to achieve, becaus [illegible] is further along with its own laws protecting such rights.

Mr Suchai also mentioned the possibility of establishing an Asean trademark office, although he said that there was no consensus on the matter yet.

Agreement Reached on Tariff Plan

BK2904133495 Bangkok THE NATION in English 29 Apr 95 p B2

[Report by Surachai Chupaka and Wichit Chaitrong]

[FBIS Transcribed Text] Phuket—Asean economic ministers have agreed that member nations already imposing tariffs of less than 20 per cent will be able to raise their rates against members which fail to cut tariffs to less than that rate.

At the end of the Asean Free Trade Area (Afta) Council meeting on Thursday, Asean ministers finally overcame hurdles concerning tariff rates between member nations, which currently impose a diverse range of rates.

The Afta scheme encourages members to accelerate the reduction of tariffs to a maximum of five per cent by 2003. Asean members, however, have cautioned that one-way cuts may be inadvisable if one country takes advantage of the situation by enjoying easy access to other countries while maintaining high rates of 20 per cent to protect domestic industries.

By the end of the year Asean nations will lower their tariffs on a number of manufactured goods to 20 per cent as part of their obligations under the Afta agreement.

Kroekkrai Chiraphaet, director general of the Business Economics Department, said the ministers agreed that member nations may impose rates greater than 20 per cent against Asean nations which fail to cut their tariffs to 20 per cent in order to create fair competition.

The debate over whether tariffs should be cut on a reciprocal or a most favoured nation basis has been going on for six months.

At the latest Asean meeting in March, the Afta working group suggested that members which have already lowered their tariffs will be able to use their original rate, or the base rate before the implementation of the tariff cut, against members which fail to cut tariffs.

Senior Asean officials argued the base rate may be too high, but did not suggest an alternative.

Industrial Cooperation Studied

BK2904133295 Bangkok BANGKOK POST in English 29 Apr 95 p 3

[Report by Atchara Asayakachat, Wichit Sirithawiphon, and Chatrudi Thepharat in Phuket]

[FBIS Transcribed Text] An informal meeting of ASEAN Economic Ministers (AEM) has resolved to scrap the ASEAN Investment Joint Venture (AIJV) programme, Preferential Tariff Agreement (PTA) and Brand-to-Brand Complimentary (BBC) scheme on the grounds that the Common Effective Preferential tariff (CEPT) system is providing sufficient incentive for ASEAN investors, according to Deputy Prime Minister Suphachai Phanitchaphak.

In replacing the three programmes, senior officials were assigned to study and come up with a comprehensive framework for industrial cooperation that does not take the form of partial or bilateral cooperation, but rather guidelines to provide optimum solutions.

Certain other forms of cooperation such as industrial labour force training were also mentioned, said Dr Suphachai.

The AIJV and BBC were created as regional vehicles to promote the efficiency of production via the allocation of certain aspects of manufacturing to different member countries . AIJVs stipulate that ASEAN firms must hold at least a 40 per cent share in the operations and that representative firms from at least one other ASEAN country must hold a five per cent share in them. However, the joint venture schemes have proven difficult to implement as each country has been reluctant to enter into agreements that might have a detrimental effect on their competitiveness in the home market.

The BBC scheme promotes the trading of parts among auto companies within ASEAN countries at reduced tariff rates. While the theoretical benefits of such a scheme are clear, its implementation has proven to be difficult.

Currently, only the Philippines, Malaysia, Thailand and Indonesia have joined the BBC scheme.

The PTA has offered tax preferences within ASEAN to promote investment among the grouping.

"The margin of preferences (MOP) has aroused resistance from the local private sectors in participating countries because the 90 per cent reduction of tariffs applied to participating companies gives them a competitive edge over local companies. Therefore, we did not even discuss certain proposals to lessen the percentage of the MOP; instead we just decided to let the scheme wind down, explained Dr Suphachai.

The elimination of the three agreements would not cover exiting projects that presently enjoy privileges under the three schemes.

Procter and Gamble (P and G), a giant consumer product manufacturer which wants to set up factories in four countries, but which has failed to apply in Thailand, is a good example of the great difficulties that companies face in attempting to join the programme. This is because local manufacturers such as the Sahaphat Group and Lever Brothers multinational companies which have been long established here, dread the prospect of another competitor.

One of the ideas advanced at the AEM retreat, added Mr Suphachai, was the adoption of a framework agreement for an intellectual property rights program.

SRV Offered Tariff Grace Period

BK0105062395 Bangkok BUSINESS DAY in English 1 May 95 p 1

[FBIS Transcribed Text] Phuket—The six members of the Association for Southeast Asian Nations (ASEAN) have offered Vietnam flexibility in implementing the Common Effective Preferential Tariff (CEPT) scheme, a program initiated to reduce tariff rates among the members of the regional grouping and create a free trade area by 2003.

Yeo Cheow Tong, Singapore's Minister of Trade and Industry, said last Saturday that all ASEAN members are preparing to give Vietnam more time than other current members to implement the planned CEPT program in view of the Indochinese countries' transition from a centrally-planned to a market economy. "Vietnam will be at the starting point where we were many years ago," he told Business Day in an exclusive interview.

"So we're prepared to be flexible and give them a little bit more time. But exactly how much time is a question that we must resolve through discussions with the Vietnamese Government."

Kroek-Krai Chiraphaet, director-general of the Ministry of Commerce's Business Economies Department, said the regional group will be patient in waiting to see Vietnam, whose membership to ASEAN is impending in July this year, progress, but dismissed doubts that Vietnam may be given a later deadline than other ASEAN members.

"Vietnam will be given flexibility in implementing the CEPT scheme, but it doesn't mean that they have to wait until the year 2003 to implement all these points," he said. "They need to come in as soon as possible, but we will be flexible with them in terms of a time frame. To what extent will be up to the committee to work out in consultation with the Vietnamese authorities."

Mr. Yeo added Vietnam is required to share the vision of free trade like other current members, which are Thailand Brunei, Indonesia, Malaysia, the Philippines, and Singapore.

"To share the vision of a free trade area means that they must prepare to make a commitment to share the benefits of reduced tariffs of the ASEAN members, and at the same time also providing the benefits to other fellow members by reducing tariffs." The ASEAN Economic Ministerial (AEM) in formal meeting, billed as a "retreat," was held in Phuket last week to discuss the preparations for the fifth ASEAN Summit and the progress made in the implementation of the CEPT scheme for AFTA [ASEAN Free Trade Area], the new tariff reduction schedule or realizing AFTA by the year 2003. During the meeting, it was agreed that Vietnam must take part in the creation of a regional free trade area as well in order to become the seventh ASEAN member.

According to Dr. Suphachai Phanitchaphak, Deputy Thai Prime Minister who chaired the AEM Retreat, the economic ministers of ASEAN have listed eight commitments concerning trade they think Vietnam should make to implement the free trade plan. He declined to elaborate.

AFTA Council Views Unprocessed Farm Products

BK2804140095 Bangkok BANGKOK POST in English 28 Apr 95 p 3

[Report by Wichit Sirithawiphon and Chatrudi Thepppharat]

[FBIS Transcribed Text] The AFTA [ASEAN Free Trade Area] Council has finally agreed to set up a viable mechanism to deal with unprocessed agricultural products in the Sensitive List, according to the Council's chairman, Finance Minister Tharin Nimmanhemin.

The 27th ASEAN Free Trade Area Council's meeting agreed that the 282 items in the Sensitive List be reduced as much and as soon as possible.

A final decision on the issue will be made at the next meeting in Brunei on whether and how far each member country has reduced their Sensitive List of farm products.

If the final list cannot be ready for the September meeting, a special meeting must be held to finalise the matter and a proposal made to the ASEAN summit, said Mr Tharin.

"The Council further agreed that the special arrangement for sensitive products should be more favourable than what member countries offered under the World Trade Organisation (WTO)," he said.

Last year, ASEAN Economic Ministers proposed for the first time to include agricultural products in the Common Effective Preferential Tariff (CEPT). Member countries have submitted 2,528 items of unprocessed agricultural products to this year's AFTA Council meeting.

68 percent of the 1,721 items of the products will be in the Inclusion List, 21 percent or 525 items will be in the Temporary Exclusion List, and 11 percent or 282 items will be in the Sensitive List.

For the Temporary Exclusion List, the Council said ASEAN members should eliminate the list at equal number every year till the year 2003, accounting for about 66 items per year.

The AFTA Council Chairman said the Council agreed that the Inclusion List should be expanded and that the products in the Temporary Exclusion List should be phased in gradually by the year 2003.

Malaysia has proposed the most items on the Sensitive List, while Singapore submitted none.

Mr Tharin claimed that at the final stage Thailand would have the least number of items on the Sensitive List.

"In fact, tariffs charged upon the unprocessed agricultural products in the Sensitive List finally must be reduced to 0-5 percent. However, the process may end after the year 2003 the final year of AFTA," said Finance Minister Tharin.

During the discussions yesterday, Thailand indicated its intention and readiness to include rice in the Inclusion List. Meanwhile several members opposed the idea and proposed the item in the Sensitive List.

The Council also evaluated the progress made by member countries on the elimination of non-tariff barriers (NTBs) in ASEAN.

The Council also noted the progress that senior economic officials made towards establishing a mechanism for the settlement of disputes in implementing the CEPT Agreement.

For Vietnam's accession to AFTA, the Council agreed that certain flexibility should be given to the country in her implementation of the CEPT scheme in view of her transition from central planning to the market economy.

In this respect, the Council noted that the senior economic officials were discussing with Vietnam the details of the implementation of the CEPT Agreement.

"After Vietnam signed for membership of ASEAN in July in Brunei, the country is likely to be allowed to submit the lists and the time-frame of the tax reduction program not immediately. But the sooner the better for the country."

Japan

Auto Talks Expected To Hit 'Roadblock'

OW3004062295 Tokyo KYODO in English 0534 GMT 30 Apr 95

[FBIS Transcribed Text] Tokyo, April 30 KYODO—Japan and the United States are expected to hit a roadblock in cabinet-level negotiations on autos and auto parts trade in Canada this week, Japanese trade officials said Sunday [30 April].

The talks between International Trade and Industry Minister Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor will take place in Vancouver on Wednesday.

The talks precede a trade ministers gathering of Japan, the U.S., the European union (EU) and Canada in Whistler, a resort near Vancouver, on Thursday and Friday.

The Hashimoto-Kantor meeting will be the first since November when they failed to iron out differences over autos and auto parts trade, the sole unresolved issue in three priority areas under the bilateral "Framework" trade negotiations.

At issue is the U.S. demand for more "voluntary" purchases of U.S.-made auto parts by Japanese automakers. Japan's Ministry of International Trade and Industry (MITI) is balking at the demand, saying the matter should not be addressed within the framework of intergovernmental talks.

In Washington, Laura Tyson, chairwoman of the National Economic Council, said Friday that Washington will consider taking "other options" against Japan if the top-level talks fail to produce a "meaningful solution."

She did not elaborate on the options but observers believe the U.S. administration of President Bill Clinton could issue a list of items subject to punitive tariffs. Washington initiated a Section 301 investigation into Japan's replacement parts market last October.

Meanwhile, Tokyo is poised to file a complaint with the World Trade Organization (WTO) to seek the world trade watchdog's mediation if Washington initiates sanctions moves.

The two countries held working-level talks in Tokyo last week, which focused on the expansion of Japanese dealerships for foreign cars and eased regulations on replacement auto parts. MITI officials said little progress had been made, however.

The Hashimoto-Kantor meeting will be preceded by working-level consultations Monday and subcabinet-level talks Tuesday.

A senior MITI official said it is extremely hard to reach an agreement as long as the problem of voluntary auto parts purchases remains unresolved.

Auto Industry Urged To Act on 'Own Initiative'

OW3004080095 Tokyo ASAHI SHIMBUN in Japanese 29 Apr 95 Morning Edition p 3

[Editorial: "It Is Time for Japan To Make Moves on the 'Auto' Talks"]

[FBIS Translated Text] The Japan-U.S. talks on automobiles will enter an important phase next week. Ryutaro Hashimoto, minister of international trade and industry, and Mickey Kantor, U.S. trade representative, both of whom are coming to Canada to attend the quadripartite trade talks, will hold separate talks there to search for a breakthrough in the current impasse over the auto talks. We hope they will pursue a solution which will benefit the people and auto industries of both nations while conforming to the rules of the market economy.

The U.S. Government has recently been putting pressure on Japan "to take effective measures to increase the exports of U.S. products," while hinting at the possibility of imposing sanctions against Japan under Section 301 of the U.S. Omnibus Trade Act. The Japanese Government has resisted this move, asserting, "We cannot accept such irrational demands. If you impose sanctions, we will bring the matter up with to the World Trade Organization (WTO) and will have the organization make a judgment on the matter." Critical exchanges between the two sides are only growing in number.

The U.S. Government's demands are comprised of three points—expansion of the Japanese auto manufacturers' purchases of auto assembly parts, an increase in the number of dealers which handle foreign vehicles, and the deregulation of vehicle inspection requirements concerning replacement parts.

The first two of the demands concern the operations of the auto industry. In 1992 during the Bush administration, Japanese auto manufacturers announced plans to expand their purchases of parts from their U.S. subsidiaries. Now that these goals were successfully attained by 1994, the U.S. Government thinks that the Japanese auto companies should revise their plans once again and buy more parts from the United States.

U.S. Ambassador Mondale has made rounds with the auto companies with this request personally, but the companies have rejected the request, saying: "The production of automobiles is not expected to grow, and we are now trying to reduce the number of auto parts required as a way of cutting down on production costs. There is no way that we can increase purchases."

The expansion of the dealer network is aimed at increasing the exports of finished vehicles by the "Big Three" of the United States. The U.S. Government says that in Japan, auto manufacturers have sizable power over sales companies, which makes it difficult for foreign vehicles to enter the Japanese market. They insist that auto manufacturers should instruct sales companies to handle and sell U.S.-made vehicles as well. The Japanese Government rejects such requests, saying there is no way for the government to get involved and interfere with the private companies' business.

Even in the past, the Clinton administration's demands against Japan have tended to look like pitches to sell certain categories of products. This time is no exception. We call on the U.S. Government to abandon this way of looking only for quick results- oriented gains.

Should the Japanese Government succumb to the pressure of the U.S. Government and decide to meddle in the business of the auto industry, this would prompt the criticism of people from Europe and Asia. It is only reasonable that the Japanese Government points this out.

Indeed, now is the time for the Japanese auto industry itself to act on its own initiative. Japan has sold 40 million units of vehicles to the United States in the past 25 years. The U.S.-made vehicles sold in Japan in that period amounts to only about 400,000 units, or about a hundredth of what Japan sold to the United States during the same period of time.

Even if we accept the argument that the "Big Three" of the United States have done almost nothing to sell their products until very recently, while the Japanese auto industry has made great efforts to sell their products, still, the imbalance is too large. There is no way to continue such a one-sided victory forever.

Besides, because of the recent surge in the value of the yen, the price competitiveness of U.S.-made products is growing. If more of their products were used, it would contribute to the lowering of production costs. Furthermore, the import prices of finished vehicles have come down, and the number of sales companies wanting to handle foreign vehicles is increasing.

There may be no direct connection between the strong yen and the auto talks, but it is possible that the strong yen will be used as a pretext for the talks not making any headway. This is the time for the auto industry to think about what it should do and make its moves. The auto industry should be reminded that it is an industry represented in the Federation of Economic Organizations of Japan [Keidanren] by that organization's chairman.

As far as the third point in the demands—the deregulation of vehicle inspections—is concerned, the Japanese Government should move toward drastic regulation regardless of whether the deregulation would lead to expanded imports of U.S.-made parts. Complaints about vehicle inspections are strong even in this country.

If work is performed on the vehicle inspection system, which has been protected through the collusion of politicians, bureaucrats and businessmen, then such work will turn out to be one of the few benefits that accrues to the people of Japan from the economic talks, which have involved so many hours of fruitless discussions.

Quadrilateral Trade Talks in Canada Previewed

OW3004143795 Tokyo MAINICHI SHIMBUN in Japanese 30 Apr 95 Morning Edition p 9

[Unattributed article]

[FBIS Translated Text] Ministers in charge of trade affairs in Japan, the United States, Canada, and the European Union (EU) will hold quadrilateral trade talks in the western Canadian town of Whistler from 3 to 5 May to discuss trade issues. Major items on the agenda of the quadrilateral trade talks will be the strengthening of the function of the World Trade Organization (WTO) and the admission of China and Russia to the WTO. In addition, the quadrilateral trade talks will take up the promotion of deregulation for discussion.

At the quadrilateral trade talks held last September in Los Angeles, Japan said, "Although barriers including tariffs to trade have been steadily removed, economic regulations inherent to each nation have emerged as a new issue." In the upcoming quadrilateral trade talks, Japan plans to seek to shape a consensus on the promotion of deregulation and the creation of an internationally harmonized trade system. On the liberalization of investment that is aimed at removing restrictions on foreign investment, Japan will stress the importance of liberalizing the investment from the position of supporting the multilateral investment agreement (MIA), preparations for the conclusion of which are being made.

Discussions at the quadrilateral trade talks to be held in Whistler will lay the groundwork for the ministerial talks of the Organization for Economic Cooperation and Development (OECD) to be held in May, the Halifax Summit (the summit of industrialized nations in Canada), and even the Osaka conference of the Asia-Pacific Economic Cooperation (APEC) forum to be held in November this year.

Tokyo 'Reacts Calmly' to USTR Action

OW3004033095 Tokyo KYODO in English 0122 GMT 30 Apr 95

[FBIS Transcribed Text] Washington, April 29 KYODO—The United States has placed Japan among eight nations on a "priority watch list" for the protection of intellectual property rights this year just as it did last year, the office of the U.S. Trade Representative (USTR) said Saturday [29 April].

The USTR took issue with Japan's interpretation of intellectual property in an annual survey based on the "special 301" provision of a 1988 trade law.

Mickey Kantor, chief trade negotiator, said in a statement that five of the eight countries—Brazil, Greece, Japan, Saudi Arabia and Turkey—will be subject to review this year to ensure that pressure is maintained on these countries for progress.

Other countries on the priority watch list are the European Union, India and South Korea.

Kantor said, however, there will be no priority foreign country designations this year, noting the substantial progress made over this past year in improving intellectual property protection.

This is the first time in five years that the USTR has designated no priority countries.

The USTR also announced that 24 countries such as Indonesia will be put on the "watch list."

Kantor said patent-related problems with Japan remain unresolved on the narrow scope and interpretation of patent claims in Japan, despite bilateral agreements last year.

"This practice has severely limited the ability of U.S. patent holders in a range of industries, particularly biotechnology, to acquire exclusive rights comparable to those available to Japanese patent holders in the United States," he said.

The two countries have agreed to begin discussion of these issues in June. But Kantor said, "the status of these discussions will be reviewed in mid-December."

In Tokyo, the Patent Office reacted calmly to the USTR's action. Yoichi Omori, chief of the Patent Office's International Affairs Division, said the U.S. measure will not "cause immediate problems" on the Japanese side because it does not require negotiations promptly.

The USTR also made public an annual survey on government procurement practices under Title VII of a U.S. trade law.

Kantor expressed concern over what he calls Japan's discriminatory practices in the super computer and computer sectors.

In addition, he said the U.S. will closely monitor Japan's implementation of the October 1994 agreements on telecommunications and medical technology sectors to secure greater bidding opportunities.

JDB To Expand Import Loan Program

OW0105031795 Tokyo YOMIURI SHIMBUN in Japanese 28 Apr 95 Morning Edition p 7

[FBIS Translated Text] As part of the emergency measures to deal with the strong yen and the [stagnant] domestic economy, the government firmed up its policy on expanding the Japan Development Bank's [JDB] import loan system in order to boost importation of such products as autos and auto parts. Together with a revised import promotion tax system, which was approved by the ruling parties' Council for Tax System Reform, the new policy is designed to show the Japanese people and other countries Japan's stand of reducing its trade surplus by expanding the import loan system. At the same time, it is also aimed at averting U.S. pressure at the auto and auto parts negotiations of the Japan-U.S. Framework Economic Talks, which have entered the final stage.

Saying that the auto and auto parts issue is a symbol of the closed Japanese market, the United States is strongly demanding that Japan expand imports.

According to information disclosed on 27 April by a government source, the government will allow foreign-affiliated auto and auto parts makers to use a super-low interest rate loan (its current interest rate is 3.85 per year). It is used when foreign-affiliated firms make their first investment in plants and equipment in Japan, as well as when they make subsequent investments. The government will do this by making a major revision to the JDB's "Loan System for Strengthening Foundation of Import Promotion," which is intended for equipment investments and other investments linked to import promotion. By doing this, the government will urge auto and auto parts makers from the United States and other countries to make inroads into Japan and improve the situation, allowing foreign companies to expand their exports to Japan. In addition, the government will allow companies to use the super-low interest loan for the construction of buildings, which will be leased only to foreign-affiliated companies.

Paper Views G-7 Finance Ministers Meeting

OW3004120095 Tokyo MAINICHI SHIMBUN in Japanese 28 Apr 95 Morning Edition p 9

[Article by Washington correspondent Toshiro Hara: "Washington Plays Up Strong Aspects of Dollar"; second and final installment of series entitled "Make-Believe Cooperation in G-7"]

[FBIS Translated Text] "One of the lessons I learned during my 26 years as an investor on Wall Street is that the treasury secretary and chairman of the Federal Reserve Board must not comment on the dollar, because the market makes an inappropriate interpretation of their comments," said Treasury Secretary Rubin.

Treasury Secretary Rubin has had a career as an able investment banker. "He won a reputation on Wall Street for investing not for quick killings, but for long-term profits." Given his economic philosophy, and that the Clinton administration is under pressure from the Republican Party, a conclusion can be drawn that "Rubin hopes for a strong dollar, but at the moment he has no intention of going so far as to raise interest rates to defend the dollar."

The dollar is now hitting a record low against the Japanese yen and German mark on foreign exchange markets, but it still remains strong against the Canadian dollar and currencies of Latin American nations. A senior U.S. Treasury Department official said, "The dollar's value remains unchanged if its weight is averaged [kajuheikinsuruto]." Both the president and treasury secretary have continued to loudly assert, "The U.S. fiscal deficit is the lowest among the G-7 in terms of its ratio to the gross domestic product (GDP)." They are trumpeting the dollar as strong and stressing the steady cut in the U.S. fiscal deficit amid the sluggish economic activities of the North American Free Trade Agreement [NAFTA] and the crash in the Mexican peso. Their remarks are questionable. The nation, plagued by chronic trade deficits, feels no need to take aggressive measures to halt the dollar from plunging under the economic situation where inflation is kept at less than 3 percent.

A joint communique issued by the finance ministers and central bank governors of the G-7 said, "The current foreign exchange moves have gone too far and it is desirable for the foreign exchange to return to a normal level." Treasury Secretary Rubin, however, stopped short of committing himself to defending the dollar by saying, "There are tactics for the G-7 to cooperate with each other on the market, but If I disclose the tactics, they would generate no effect."

On 25 April, the finance ministers and central bank governors of the G-7 gathered in the garden of the Blare House to have a commemorative picture taken. An American reporter called the photo- taking session a "show time." In the United States, where little sense of crisis over the dollar is felt, the foreign exchange discussion by the finance ministers and central bank governors of the G-7 might be nothing more than a "show."

SDF To Expand Support for U.S. Military

OW3004110095 Tokyo KYODO in English 0859 GMT 30 Apr 95

[FBIS Transcribed Text] Tokyo, April 30 KYODO—Japan seeks to greatly expand the scope of possible Self-Defense Forces (SDF) support to U.S. military actions overseas through a new interpretation of the U.S.-Japan security treaty, government sources said Sunday [30 April].

The Defense Agency, in its review of the treaty, now describes the pact as an indispensable framework for Japan to support U.S. activities to maintain world stability, according to a copy of the position paper obtained by KYODO NEWS SERVICE.

Defense Agency Director General Tokuichiro Tamazawa will present the agency's redefinition of the treaty to U.S. Defense Secretary William Perry in their scheduled meeting Tuesday in Washington, the sources said.

It represents the first major change in Japan's interpretation of the pact and aims to pave the way for wide-ranging backup operations by the SDF for U.S. military actions, according to the sources.

The original bilateral security pact, signed in September 1951 and put into effect in April 1952, was superseded in 1960 by the Treaty of Mutual Cooperation and Security, which commits the U.S. to "act to meet the common danger" in case of an armed attack on Japan.

The redefinition has been high on the bilateral diplomatic agenda, and Prime Minister Tomiichi Murayama and President Bill Clinton are expected to issue a joint statement in November in Osaka over the issue.

The Defense Agency's fresh view stresses the importance of refocusing on a new role for the U.S.-Japan security regime to create stable global security, pointing out there is no immediate military threat to Japan.

While taking into account the international security framework under the United Nations, the document says the treaty is an "indispensable framework" for Japan to support U.S. actions to maintain world peace.

It also says the Japan-U.S. security system is assuming increased significance in the Asia-Pacific region and serves as a stabilizing factor.

The Defense Agency attaches further importance to the treaty, saying it provides a U.S. nuclear umbrella over Japan amid the current proliferation of mass destruction weapons, including nuclear arms.

The review comes in response to the U.S. call for expanding the role of the treaty to make it more suitable to the strategic environment following the end of the Cold War.

Concerning Japan's support of U.S. actions to maintain stability, enhanced cooperation in UN peacekeeping operations will be given top priority, military experts said.

But in a case where a U.S. blockade of the Korean peninsula is imposed to deal with heightening tensions over North Korea's suspected nuclear development program, SDF logistic support to the U.S. forces will be immediately considered, they said.

DA Considers Free Cross-Servicing With USFJ

OW3004125295 Tokyo MAINICHI SHIMBUN in Japanese 28 Apr 95 Evening Edition p 5

[FBIS Translated Text] In connection with the issue of concluding the acquisition and cross-servicing agreement (ACSA) under which U.S. Forces Japan [USFJ] and the Self-Defense Forces [SDF] supply each other with fuel and foodstuffs when they conduct joint training exercises, the Defense Agency [DA] began on 28 April to study the possibility of making services, transportation, and facilities supplied by both Japan and the United States for training purposes free of charge. The United States and NATO adopt an acquisition-for-value formula, under which they pay each other cash and exchange goods. Joint training exercises have been conducted between Japan and the United States, the USFJ has conducted exercises in Japan, and SDF personnel have been dispatched to the United States for training purposes. For these reasons, the idea is surfacing of making the cross-servicing free of charge.

In an effort to pave the way for concluding the ACSA with the United States, the DA is now working on an amendment to the Self Defense Forces Law with the aim of having the law amended at next year's ordinary Diet session. During a visit to Washington in May, Defense Agency Director General Tokuichiro Tamazawa intends to brief U.S. Defense Secretary Perry on the DA's plans for making cross-servicing free of charge. Until now, many have taken issue with Japan's exercise of the right to collective self-defense in case of emergencies. For this reason, the DA has decided to apply the ACSA only to: 1) Japan-U.S. joint exercises; 2) independent training exercises by the SDF and the USFJ; and 3) Japan's participation in UN Peacekeeping Operations (PKO). Thus far, the U.S.'s supplying of facilities for SDF personnel who have undergone training exercises in the United States and Japan's supplying of fuel to U.S. military aircraft for Japan-U.S. joint training exercises—the latter has been conducted in accordance with the notice issued by the administrative vice minister of the Defense Agency under the Goods Management Law—have been paid for in cash. The servicing under the ACSA covers a variety of areas such as communications, medical services, storage, the use of facilities, transportation, training, repairs, and equipment. The DA plans to study what servicing areas should be covered by the ACSA.

Cap on Support for USFJ Discussed

OW0105045195 Tokyo ASAHI SHIMBUN in Japanese 28 Apr 95 Morning Edition p 1

[FBIS Translated Text] The government has firmed up to cap Japan's post-1996 share of the cost of maintaining U.S. Forces Japan [USFJ] at the present level. The government made that decision in response to Prime Minister Murayama's strong intent to reduce Japan's share of the cost and on the basis of its own judgment that "Japan's share of the cost is unprecedentedly high and it will be difficult to further increase Japan's share of the cost because of the difficult fiscal situation," (according to a senior Defense Agency official). Meanwhile, the United States has been asking Japan to increase its share of the cost and shoulder all yen-denominated outlays in the cost after 1996. The question of increasing Japan's share of the cost and the issue of amending the Japan-U.S. Special Agreement, which is up for renewal this year, are likely to become a focus of future negotiations between Tokyo and Washington.

With regard to the cost of maintaining the USFJ, the Japan-U.S. Status of Forces Agreement and the Japan-U.S. Special Agreement under the Japan-U.S. Security Treaty provide for Japan's obligation to share the cost. According to the Foreign Ministry and Defense Agency, this year Japan is committed to shouldering 625.7 billion yen (including 150 billion yen for rent of national land). Japan's share of the cost of maintaining the USFJ has grown continuously. "Japan's share of the cost of maintaining the USFJ in 1995 is estimated at more than 70 percent of the cost," (according to the same senior Defense Agency official).

While some government officials take the view that "it is desirable for Japan and the United States to share the cost evenly," (says a senior official in the Defense Facilities Administration Agency), some Foreign Ministry officials take the differing view that the growing importance of Japan-U.S. security relations makes it inevitable for Japan to increase its share of the cost of maintaining the USFJ. The government, therefore, will seek to reach an agreement with the U.S. Government on capping the total amount of Japan's share of the cost at the present level through negotiations, (says a senior Foreign Ministry official).

Negotiations are presently under way between Japan and the United States on amending the Japan-U.S. Special Agreement and Japan's share of the cost. In the negotiations, the U.S. side is demanding that 1) the cost of renovating military facilities supplied by Japan be managed flexibly; 2) Japan renovate and repair small-scale military facilities; 3) Japan shoulder the cost of conducting night landing practice (NLP) on Iwo Jima and of relocating a live-fire training ground on Okinawa; and 4) Japan bear domestic communications charges for the USFJ. The U.S. side estimates those costs at more than 30 billion yen.

If Japan goes along with the U.S. demands under the present Japan-U.S. Special Agreement, it will have to increase its share of the cost. The Defense Agency, therefore, is studying the possibility of amending the current Japan-U.S. Special Agreement into an agreement under which Japan can deal flexibly with the U.S. demands without increasing Japan's current share of the cost, (says the same Defense Agency official).

Daily Urges Strong Security Ties With U.S.

OW3004060795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Apr 95 Evening Edition p 1

[FBIS Translated Text] Yohei Kono, deputy prime minister and foreign minister, made a report on the 1995 edition of the "Diplomatic Blue Paper" at the 28 April cabinet meeting, and received the cabinet's approval for it. The Blue Paper declares that Japan "needs to play a more active role" in efforts to build up a framework for "global international cooperation" in the post-Cold War era.

The paper defines regional conflicts like the one in former Yogoslavia as "an important menace to the post-Cold War international community," and announces Japan's diplomatic stand to make positive contributions, saying Japan "needs to continue to make positive efforts" in UN peacekeeping operations (PKO) toward resolution of conflicts.

As regards the Japan-U.S. relationship, the paper says the security system between the two countries should be further strengthened now that 50 years have passed since the end of war.

The subtitle for the 1995 edition of the Blue Paper is "Expectations for Japan's Diplomacy; Toward Creating A New Age." Looking back at the past year's international situation, it cites activities of the forums of the Asian and Pacific Economic Cooperation and ASEAN and notes "developments in regional cooperation have been conspicuous." Pointing out the dangers of regional conflicts and the spread of nuclear arms, the paper says: "There continue to be so many unstable elements, and we are unable yet to visualize the framework in the international community which will ensure the peace and propserity of the world."

Post-Cold War Security Framework Examined

OW0105051695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 Apr 95 Morning Edition p 1

[Article by editorial staff member Hisayoshi Ina: "Probing Into Reconfirmation of the Japanese-U.S. Security Framework"]

[FBIS Translated Text] Japan and the United States are continuing various discussions regarding the post-Cold War bilateral security framework. With this year marking the 50th anniversary of the end of World War II, the work involves coming up with a logical argument to explain why it is necessary to maintain the security framework and incorporating it into policies with public understanding gained in both nations. This will also become an important factor that will determine Japanese-U.S. relations in the first half of the 21st century.

Feeling of Crisis Exists in the United States

The part touching on the issue of strengthening Japanese-U.S. security ties in the U.S. Defense Department's report on East Asian strategy released in late February is called the "Nye Initiative." It is accredited to Joe Nye, assistant secretary of defense (for International Security Affairs), who was in charge of compiling the report.

However, there exists a document on which Nye's suggestions were based. This is a rather thin book entitled "Redefining the U.S.- Japanese Alliance." It was published by the U.S. Military Academy in November 1994. According to studies by NIHON KEIZAI SHIMBUN and other researchers, optimistic feelings about Japanese-U.S. relations are prevalent in the United States. However, the book's authors, P. Cronin and M. Green [names as published], point out that despite the Social Democratic Party of Japan's policy changes, "U.S.-Japanese relations exist on top of a foundation that is more fragile than most people think."

At the root of this feeling of crisis are such matters as the concept of "multilateral security cooperation" spelled out in a report compiled last year by the Informal Panel on Defense Affairs (a private advisory panel to the prime minister, with Kotaro Higuchi as chairman) and the existence of people like Ryutaro Hashimoto, minister of international trade and industry, and Shizuka Kamei, minister of transport, who are said to advocate the idea that Japan be responsible for its own national defense. The Nye Initiative and the aforementioned book share a common understanding on this problem. It is for these very reasons that a message has been conveyed to Japan calling on strengthening bilateral security ties.

The Japanese and U.S. Governments have already held working-level meetings on security affairs twice this year. In late March, a meeting was held in San Francisco with participation of not only government officials of the two nations, but also experts from the private sector. Tokuichiro Tamazawa, director general of the Defense Agency, is scheduled to visit the United States in May. There are plans to hold working-level meetings at this time, too.

Underlying the series of talks between Japan and the United States is the need to come up with a logical argument to explain in a convincing manner to Japanese and U.S. taxpayers the significance of the post-Cold War bilateral security arrangement and policy coordination between the two nations to make the arrangement work. The U.S. Defense Department's report on East Asian strategy maintains that "security is like oxygen." It is surprisingly difficult to explain something that already exists.

Existence of the Argument That the Security Arrangement Defends the Constitution

The most traditional among explanations for the presence of U.S. military forces in the Asia-Pacific region under the Japanese-U.S. security framework is the "power vacuum" concept. The argument is that should U.S. military forces pull out from this region, who would fill the vacuum, and that regardless of who fills this vacuum, the region would become more unstable than it currently is. This is undeniable and can be easily understood by Asians. However, there is no knowing whether this concept can fully convince American isolationists.

Take a look at the globe from a distance. Alluding to American foreign strategist P. Rodman's [name as published] idea, what is important for the world right now concerns three points—new East-West relations, West-West relations, and the Third World countries.

The new East-West relations refers to the relationship between the West, which includes Japan and the United States, among other countries, and Russia, where nationalism is on the rise, and China, where economic development continues. There are signs that China and Russia are strengthening their bilateral ties based on a balance-of-power concept that is irrelevant to the collapse of communism in Russia. West-West relations refers to the relationship among economic super powers like the United States, Japan, and Germany. Regarding Third

World countries, there exist such problems as the proliferation of weapons of mass destruction and ethnic conflicts.

This viewpoint also effectively explains the significance of the Japanese-U.S. security arrangement. Making necessary moves against China and Russia has been a functional aspect of the Japanese-U.S. security arrangement since the Cold War era. NATO has served to restrain economic friction among Japan, the United States, and Germany. Political cooperation among major industrialized nations, including Japan and the United States, is essential to solving the problems of the Third World countries.

There are more simplified explanations, too. One of these is the U.S. concept that the Japanese-U.S. security arrangement will serve to put a "lid on the bottle" to prevent Japan from turning into a military superpower. Looking at this from the opposite side, there is an argument in Japan that the security arrangement will serve to "defend the Constitution."

Why is there so much fuss over placing significance on the Japanese-U.S. security arrangement? That is because in addition to the collapse of the Cold-War structure, the narrowing difference in national strength between the United States and Japan has particularly influenced the American people's awareness. When the current security arrangement came into effect in 1960, the U.S. gross national product (GNP) was 11.5 times that of Japan. In 1993, the U.S. GNP amounted to only 1.3 times that of Japan. As a result, the United States has come to expect more from Japan, in return, regarding the latter's role under the security arrangement.

"Gray Phase" Remains To Be Resolved

Regarding the bilateral security arrangement, the weight has shifted from Article V of the Japan-U.S. Security Treaty, which concerns defense of the Japanese territory, to Article VI, which concerns the "maintenance of international peace and security in the Far East." Last year, however, when the United States secretly asked for Japanese cooperation regarding logistical support and other matters in case a naval blockade were to be enforced—amidst debates in Japan over the issue of imposing economic sanctions against the DPRK (North Korea)—Japan rejected the request. It was believed that Constitutional restrictions regarding the right of collective self-defense were responsible for this.

What comes to mind when discussing the issue of the right of collective self-defense is the case when all NATO member nations respond jointly to an attack against any single member nation on grounds that such an attack is equivalent to an attack against all member nations. On the other hand, the point of argument between Japan and the United States is whether Japan should provide logistical support during peacetime or during "gray phases" that are in between peacetime and emergencies. There is clearly a difference between the two cases. Japan's role in the latter case may be appropriately termed cooperative action that is necessary to carry out the provisions of the security arrangement.

It will likely become necessary to clarify such a difference when carrying on the work that is called "redefinition of the security arrangement." This is because dissatisfaction is piling up in Washington against the slow response of the leaders in the administration of Prime Minister Tomiichi Murayama.

Tamazawa, Perry Defense Summit Previewed

OW0105084995 Tokyo SANKEI SHIMBUN in Japanese 29 Apr 95 Morning Edition p 3

[FBIS Translated Text] On 2 May in Washington, Defense Agency [DA] Director General Tokuichiro Tamazawa will hold A Japan-U.S. defense summit with U.S. Defense Secretary Perry. During the defense summit, Tamazawa will assure his U.S. counterpart that the DA is willing to take responsible actions, including participating in sanctions against the DPRK if the U.S.-DPRK talks on supplying light-water reactors to Pyongyang break down, and that a working- level team within the DA has already started studying how to deal with a situation arising from the breakdown of U.S.-DPRK talks. On 28 April, the DA firmed up this plan on the basis of the judgment that making clear Japan's position and Japan-U.S. cooperative relationship regarding the U.S,-DPRK talks on supplying light-water reactors to Pyongyang will have the effect of bringing the DPRK back to the negotiating table with the United States. During the defense summit, Tamazawa will also exchange views on the military situation on the Korean peninsula with Perry and express strong hopes for a successful conclusion of the U.S.-DPRK talks on supplying light- water reactors. During the Japan-U.S. defense summit with Perry, Tamazawa plans to state: "If the U.S.-DPRK talks break down, the DA will take responsible action within the scope of the Constitution. The DA will study what Japan can do, taking into account the United States' intentions."

Last spring, when the U.S.-DPRK talks were strained to a breaking point, the Japanese Government, especially the DA, studied how it should participate in sanctions against Pyongyang. But the Japanese Government did not work out the details after Pyongyang made concessions during the U.S.-DPRK talks following a visit to the DPRK by former President Carter. The government has traditionally interpreted the Article of the Constitution as prohibiting Japan from exercising the right to collective self-defense. At the time, the government feared that the interpretation would make it impossible for the Self-Defense Forces to provide maritime supplies for U.S. warship engaging in a sea blockade. If a situation is created where the sanctions are highly likely to be imposed against the DPRK, it is certain that the statement to be made by Tamazawa during the defense summit will once again spark controversy over the constitutional ban on Japan's exercise of the right to collective self-defense.

Possible Sanctions Against DPRK Examined

OW0105084795 Tokyo SANKEI SHIMBUN in Japanese 22 Apr 95 Morning Edition p 3

[From the "Horizontality and Verticality" column: "The Breakdown of the U.S.-DPRK Talks—Emergence of the Idea of Taking Sanctions Against the 'North' Is Inevitable"]

[FBIS Translated Text] The United States and North Korea failed on 21 April—the deadline date—to conclude talks on the possible introduction of light water reactors to North Korea, and thus the situation has become unclear. As a result, it has become mostly likely that the idea of taking sanctions against North Korea will emerge. As it had been agreed among Japan, the United States, and South Korea that they would take sanctions against North Korea if the U.S.-DPRK talks should break down, the Japanese Government has begun studying how to deal with the issue, while expecting that the talks will continue. However, if it is decided to take sanctions, the Murayama government will be pressed to make a tough decision, and it is highly possible the government will face a difficult political situation.

Justifiable Reasons

A senior Foreign Ministry official said: "The situation will enter a new stage wherein the issue of taking sanctions may be discussed if North Korea lifts the freeze on the operation of graphite-moderated reactors and related facilities, including the reinstallation of fuel rods." North Korea is supposed to announce whether it will continue operating nuclear facilities or lift a ban on their operation, and meanwhile, the International Atomic Energy Agency (IAEA) is to check whether Pyongyang is continuing to freeze operations or will lift a ban on operations. So far, in informal talks, the three nations have proceeded with the work of dealing with the nuclear issue while studying the possibility of taking sanctions. In this sense, a top Foreign Ministry official hinted on the late afternoon of 21 April that full discussions on possible sanctions will begin, saying: "We will not discount any possibility."

However, when it comes to sanctions, there are various hurdles they need to jump over, such as whether sanctions should be joint measures by the three nations or taken by the UN Security Council [UNSC], and what the reasons are for taking such sanctions.

The Foreign Ministry said: "Imposing joint sanctions by the three nations is difficult" (according to a top official). It is doubtful whether the suspension of remittances to North Korea would be effective if the money can be sent via a third country, and under an existing domestic law (Foreign Exchange Control Act), it is necessary to "conclude a treaty or international promises." Moreover, when looked at from a military viewpoint, it is certain the issue will have political implications, including the right to collective security.

Meanwhile, even if the UNSC makes a decision on sanctions, it is questionable whether China and Russia will take concerted action; and, that the breakdown of U.S.-DPRK talks—which are bilateral negotiations—are grounds for taking sanctions.

The Foreign Ministry's View

The Foreign Ministry does not intend to announce that the talks "were completely ruptured" until the United States announces it will "discontinue the talks" or North Korea decides to lift the freeze on the operation of nuclear facilities.

However, concerning how North Korea will move from now on, a prevailing view within the ministry is that it will not easily annul the accord with the United States because "Pyongyang considers the U.S.-DPRK accord a great victory for Secretary Kim Chong-il's diplomacy" and "Pyongyang will lose a lot if it annuls the accord."

As for Washington, the ministry believes the Clinton Government will persistently make efforts to continue the talks because "the Republicans in Congress will have a greater say if the accord is annulled, and therefore, the Clinton Government will face a tough situation" (according to Foreign Ministry sources).

What Is Going on in the Japan-DPRK Talks?

Because of rough going in the U.S.-DPRK negotiations, the government is divided into those who are positive and those who are negative about the possible resumption of Japan-DPRK talks on normalizing diplomatic relations.

On the morning of 21 April, Chief Cabinet Secretary Kozo Igarashi told reporters: "It will not affect (Japan-DPRK negotiations). Japan and North Korea will try to get on with each other without being affected by others. I think it is all right to start negotiations with North Korea by taking advantage of the deadlock in the U.S.-DPRK talks." In this way, he hinted at the possibility that, if the U.S.-DPRK talks become further deadlocked, Japan will try to take some measures during negotiations with the DPRK to provide a breakthrough in the U.S.-DPRK talks.

On the other hand, after being briefed by a Foreign Ministry official on the results of the U.S.-DPRK talks, Koichi Kato, Policy Research Council chairman of the Liberal Democratic Party [LDP], told reporters the same day that, if the U.S.-DPRK talks should rupture, "there are alternatives—starting Japan-DPRK talks alone or the freezing of talks for a while—and the possibility is fifty-fifty. We have to wait and see what the North Korean side says in preparatory talks." Thus he stressed the intention to carefully discern how North Korea moves.

In addition, many coalition members consider it is necessary to watch how North Korea acts, saying: "In the past, the U.S.-DPRK talks have been broken off many times. This time, too, we have to see whether the talks will really break down" (according to Social Democratic Party of Japan sources).

Official: DA Watching Moves of DPRK Army

OW3004230495 Tokyo SANKEI SHIMBUN in Japanese 28 Apr 95 Morning Edition p 2

[FBIS Translated Text] The U.S.-North Korea talks on the supply of light-water reactors to Pyongyang have gone through rough sailing. Commenting on the talks at a 27 April news conference, Tetsuya Nishimoto, chairman of the Joint Staff Council of the Defense Agency [DA], said: "The U.S.-North Korea talks on the supply of light-water reactors to Pyongyang are very crucial to our nation's security. The Joint Staff Council is strengthening its preparedness for collecting and analyzing information. The council is also in close contact with U.S. Forces Japan." The DA has put on alert officials in charge of collecting information and strengthened the liaison system to closely watch moves by North Korean military forces. On the military situation on the Korean peninsula, however, Nishimoto said, "For now, we detect no unusual moves."

Topics for Murayama's PRC Visit Reported

To Demand End to Nuclear Tests

OW2804142095 Tokyo YOMIURI SHIMBUN in Japanese 28 Apr 95 Morning Edition p 2

[FBIS Translated Text] On 27 April, Prime Minister Tomiichi Murayama decided to demand that China stop conducting nuclear tests, and to cooperate on the early conclusion of the Comprehensive Test Ban Treaty (CTBT), which is now under discussion. He will make these requests at a summit meeting with Premier Li Peng, which will be held during his trip to China beginning on 2 May.

The CTBT is aimed at completely banning nuclear tests on earth. Under the leadership of the United States, negotiations started in January 1994, and the countries concerned have so far reached basic agreements on several issues, such as verification measures to discover nuclear tests that violate the pact. However, they have not yet reached accords on the definition of nuclear tests and ways to implement on-the-spot inspections, the core of the CTBT.

Among the nuclear powers, the United States, Russia, the UK, and France have already suspended nuclear tests, urging the conclusion of the treaty as soon as possible. However, China alone has insisted on concluding the treaty by the end of 1996, saying its nuclear arms are inferior to those of other countries. It has shown the intention to continue conducting nuclear tests until the CTBT is concluded.

To Offer Aid To Revamp IP System

OW3004105695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Apr 95 Morning Edition p 5

[FBIS Translated Text] Prime Minister Murayama, who will visit the PRC beginning 2 May, is scheduled to meet with Chinese Premier Li Peng on 3 May. During the meeting the prime minister will offer a package of Japanese assistance in revamping the Chinese intellectual property [IP] system. The package of assistance is primarily aimed at helping China educate people, carry out enlightenment activities, and build a computer network. A large quantity of counterfeit foreign goods are widely marketed in China and this has become an international issue. Japan plans to cooperate with China in resolving the international issue by providing the lateral support for China's efforts to revamp its current intellectual property system.

Under the package of assistance that will be proposed by the prime minister to the Chinese leader, 1) Japan will educate Chinese trainees; 2) Japanese experts will be sent to China; 3) Japan will hold a seminar for Chinese private enterprises and help China build a computer network. The Japan International Cooperation Agency (JICA) and the Japan Trust Fund under the World Intellectual Property Organization (WIPO) will conduct training programs for Chinese trainees, and the Patent Office will send experts to China. The Japan External Trade Organization (JETRO) will use its expert dispatch system to hold seminars on intellectual property rights in five Chinese cities. At the same time, the Patent Office will propose that Japanese private enterprises and the China Patent Office routinely hold meetings.

In addition, Japan is willing to use the project formula technological cooperation of the Official Development Assistance (ODA) to help China build an information system on industrial property rights if China requests it. The system makes it possible for China to use computers to find information on patents in Japan, the United States, and Europe. The system, if built in China, is expected to help China speedily process patent applications and reduce mistakes in the process. Japan has already provided aid to Thailand for that purpose. If Japan decides to provide the same aid to China, the aid is expected to amount to 0.5-1 billion yen per year. In China, the piracy of foreign computer software and commercial electrical appliances is rampant. In February, an agreement was reached between the United States and China on the protection of American software. In China, manufactured goods of Hitachi and Toshiba have been pirated. Japanese firms have suffered from China's infringement on their intellectual property rights and the Japanese Government has been strongly asking China to take steps to stop the infringements.

'Future-Oriented' Ties Reaffirmed

OW3004021595 Tokyo KYODO in English 0112 GMT 30 Apr 95

[By Takehiko Kajita: Japan Reaffirms 'Future-Oriented' Ties With China]

[FBIS Transcribed Text] Tokyo, April 30 KYODO—Prime Minister Tomiichi Murayama will travel to China on Tuesday [2 May] to reinforce the importance of "future-oriented" bilateral relations in a year that marks the 50th anniversary of the end of World War II.

Murayama will seize the opportunity to restate Tokyo's commitment to world peace based on remorse for its wartime wrongs in China and other Asian neighbors, Foreign Ministry officials said.

It is Murayama's first trip to China since coming to power last June.

"Speaking from experience, I can say there is no other country that gives priority to high-level contacts than China. In that sense, I expect the premier's journey to help further a relationship of mutual trust between the leaders of the two nations," one official said.

Murayama is to confer separately with president Jiang Zemin and premier Li Peng on Wednesday, and with Qiao Shi, chairman of the Standing Committee of the National People's Congress, on Thursday, to foresee "future-oriented" bilateral ties, the officials said.

The 71-year-old Japanese Premier is expected to seek China's cooperation in convincing North Korea to reopen the deadlocked nuclear talks with the United States. Beijing is the sole remaining major ally of the reclusive Pyongyang.

The negotiations ended in rupture in April due to a row over the type of nuclear reactors to be supplied to North Korea under a bilateral nuclear accord reached last October.

North Korea has refused to accept South Korean light-water reactors as replacements for its current graphite-moderated ones suspected of being used to produce plutonium, a key ingredient of nuclear bombs.

Should Pyongyang lift its six-month freeze on its nuclear development drive even partially, strident calls are expected to surface for the UN Security Council's imposition of economic sanctions, heightening tension over the Korean Peninsula.

Meanwhile, Murayama is also likely to urge China to join a nuclear moratorium observed by the four other declared nuclear powers—Britain, France, Russia and the United States—and help conclude a comprehensive test ban treaty at an early date.

Despite Japan's protests, China has yet to show no sign of altering its policy on nuclear testing. It conducted two nuclear tests last year and is scheduled to conduct five more later this year.

The Japanese premier is also expected to express misgivings about China's fast-paced increases in military spending in recent years and call for more transparency in the outlays. Beijing's military expenditure rises are widely seen as a threat to the security in Southeast Asia. He may also seek a peaceful settlement of a dispute over the Spratly islands in the South China Sea, a group of potentially oil- rich islands, reefs and atolls claimed wholly or in part by China, Vietnam, Taiwan, the Philippines, Malaysia and Brunei.

On the economic front, Murayama will urge China's help in bringing to a successful conclusion the meeting of the Asia-Pacific Economic Cooperation (APEC) forum scheduled for November in Osaka, Foreign Ministry officials said.

Japan has revealed a plan not to invite Taiwan President Li Teng-hui to this year's APEC gathering as its host in line with its "one China" policy.

Tokyo switched its diplomatic relations from Taipei to Beijing in 1972. With China viewing Taiwan as a renegade province, Japan recognizes Beijing as the only legitimate government of China.

Murayama is expected to reiterate Japan's position that it will honor the 1972 joint declaration with China which restored bilateral relations, and will continue limiting its contacts with Taiwan to nongovernmental activities in such fields as trade and tourism.

But Beijing may warn Tokyo against inviting Taiwan's Deputy Premier Hsu Li-te, who doubles as chairman of the Council of the Economic Planning and Development.

Beijing has allowed the Taiwan economic minister to participate in the economic meeting in the past, but it has expressed concern that Hsu's assumption of the key ministerial post will be used as a step toward top Taiwan officials' participation in APEC gatherings.

Chinese leaders might press Murayama to reduce the debt burden from Japan's Official Development Assistance (ODA), the repayment costs of which have grown with the yen's meteoric rise, a senior Foreign Ministry official said.

Since 1979, Tokyo has extended three batches of ODA to Beijing with a total value of 1.55 trillion yen. It will furnish another 580 billion yen for fiscal 1996-1998 as part of a fourth set of loans for the fiscal 1996-2000 period.

Murayama will also go to Xian and Shanghai before returning home on Saturday.

Taiwan Envoy Calls for Japan Say 'No' to PRC

OW0105082395 Tokyo SHUKAN DAIYAMONDO in Japanese 22 Apr 95 p 21

[Article by Lin Chin-ching, representative of the Taipei Economic and Cultural Office in Japan: "Sense of Distrust Is Spreading Among Taiwanese Who Used To Respect Japan: Why Is Japan Unable To Say 'No' to Mainland China?"]

[FBIS Translated Text] The plum blossom is the Republic of China's [ROC] national flower. After enduring winter coldness, pretty plum blossoms come into full bloom. This natural phenomenon symbolizes the ROC people's national character.

The people of Taiwan have a great respect for Japan. Many of the top-ranking government leaders, including President Li Teng-hui, have studied in Japan as foreign students, and they feel a great sense of attachment to Japan. Economic relations between the two countries are also firm and solid.

However, Japan seems to be looking only at Mainland China.

At present, Japanese entrepreneurs are unanimously investing in the PRC. They seem to be unaware of the big risks involved in their ventures on the mainland. The PRC is a socialist nation, notwithstanding its professed open-door policy. The policy will inevitably contract when it reaches a certain phase. Mass confusion will be touched off by numerous factors such as the ever widening gap between the rich and poor, a permeating mammonism, swelling number of legally unregistered people due to the one-child policy, and so on.

In Taiwan, a six-year nation-building program is under way to consolidate its infrastructure. It is a grandiose project with a total cost of 22 trillion yen. European countries have been dispatching minister-class officials to get their enterprises to participate in the program, but there has been almost no Japanese enterprises attempting to get in on it. To tell the truth, it is hoped that the Japanese will join in on the projects. It is a mystery to me.

I know it is none of my business to speak on the matter because it is entirely up to the entrepreneurs to decide.

However, when it comes to the government level, it is a different story. Typical examples are the Japanese loans to the PRC. Japan has already provided loans in the amount of 1.6 trillion yen and is slated to provide additional loans in the amount of nearly 800 billion yen to the PRC. Much of them are being used to increase armaments, including nuclear tests. It is violating the four Official Development Assistance principles and may cause a disturbance of Asian peace. Not only that, you can never tell, these armaments may eventually be used against Japan. In spite of this, I have not heard Japanese leaders remonstrate with the PRC for increasing their armaments nor have they stopped providing loans.

For example, Japan and the PRC held summit meetings in Jakarta last year and in Copenhagen in March of this year, but the PRC leaders did not bother to listen to the Japanese view, did they not?

Japan may think it is doing "correct things," but they are nothing but acts that are incurring grudges by people on Mainland China and neighboring countries.

What made the people of Taiwan most disappointed was the fact that ROC President Li Teng-hui was denied entry into Japan during the Asian Games in Hiroshima last year. Whenever the ROC runs into a problem with the PRC, Japan is at the PRC's beck and call.

The ROC has forgiven and forgotten whatever ill treatment Japan used to render it. But with the Asian Games incident as a turning point, the people of Taiwan's feeling toward Japan have began to show signs of change. The plum blossoms do not look as though they have come into full bloom due to the unbearable freeze.

This year a Asia-Pacific Economic Conference [APEC] ministerial meeting will be held in Osaka. Only Taipei, which has to be one of its official member nations, is denied from allowing its government leader from participating in the unofficial summit. Behind it, again, is PRC opposition.

As an economic power and a leader-to-be in international politics as the next step, why does Japan not consider this APEC meeting an opportune chance to find a clue to settle the 20th century's biggest international issue, that is, the problem "between the two sides across the Taiwan Strait."

A sense of distrust among the ROC people will be dispelled if Japan, in a dignified and magnificent manner, allows President Li Teng-hui to visit Japan and participate in the historic summit.

In its joint statement between Japan and "China" in 1972, Japan made it clear that "it upholds the position of the eighth paragraph of the proclamation defining the terms for the Japanese surrender" [Potsdam Proclamation] concerning Taiwan's territorial rights. This implies the denial of the PRC's claim over Taiwan's territorial rights. A series of PRC policies are intervening in the ROC's domestic affairs, in violation of the Japan-"China" treaty . I would gather that Japan can be an Asian leader in the true sense of the word when it can say "no" to the PRC.

Deregulation Leads Oil Firms To Wholesale Power

OW2804132995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Apr 95 Morning Edition p 1

[Unattributed article: "Oil Companies Scramble To Wholesale Power"]

[FBIS Translated Text] In response to the government's announcement of a package of deregulatory measures, one oil company after another will launch a new business to wholesale electricity to power companies. Koa Oil Company will build a power plant capable of generating 150,000 kw in the Marifu Oil Refinery in Yamaguchi Prefecture at a cost of 30 billion yen. The oil company plans to bid on the first power purchase tender to be offered next spring by Chukoku Electric Power Company. Koa Oil Company has woked out a long-term plan for power wholesaling. Toho Rayon Company will wholesale electricity from its plants' generators as part of efforts to streamline business. Electricity wholesaling is a new system incorporated in an amendment to the Electric Business Law, which the Diet will begin deliberating soon. The participation of ordinary companies in the power sector will lead some of the regionally monopolistic power suppliers to embrace the competitive principle. The participation of ordinary firms in the power sector is also likely to bring down electricity charges in Japan in the medium and long term; electricity charges in Japan are said to be relatively higher than in other industrial nations.

Koa Oil Company plans to build the power plant in the Marifu Oil Refinery with the aim of wholesaling electricity generated by the power plant. The power plant, which is equivalent to a power company's medium-sized power plant, is capable of generating 150,000 kw. Koa Oil Company plans to consume 20-30 percent of the electricity generated by the plant and wholesale the rest to Chukoku Electric Power Company or Kansai Electric Power Company, which is enjoying a sharp rise in demand for its electricity. Koa Oil plans to start building the power plant within two or three years and begin wholesaling electricity at the turn of the century. The oil company intends to use a new electric supply system, to be created following the relaxation of regulations, to wholesale its electricity to Kansai Electric Power Company. The oil company also intends to rely on Chukoku Electric Power Company to supply its electricity to the Osaka area.

Toho Rayon Company is negotiating the sale of textile facilities in the poor-performing Ogaki Plant, in Kifu Prefecture, to Uzbekistan. However, the company plans to exclude a 5,000-kw-generator in the plant from the sale in an attempt to wholesale the generator's electricity to Chubu Electric Power Company.

In the 1960's, major steel makers concentrated on installing generators and building joint thermal power plants, and those generators and thermal power plants are due for upgrading. The major steel makers see the "wholesale of electricity from those generators and thermal power plants to power companies as a new source of earnings" (according to Nippon Steel Corporation). Nippon Steel Corporation's Nagoya Steel Plant, which will have to reinstall power generation facilities, plans to cut back on the purchase of electricity from power companies by keeping its generation capacity at the highest level required at the peak time of steel production. The Nagoya Steel Plant is sounding out Chubu Electric Power Company about its wholesale of surplus electricity that is available at a time when it cuts steel production.

Nippon Chemical Industrial Company, which will gradually relocate the production of ferrosilicon to Norway and Brazil, plans to wholesale the electricity generated by Wakagawa Power Plant, in Iwate Prefecture, which can generate 15,500 kw for the production of ferrosilicon, to Tohoku Electric Power Company. The company will discuss details of the wholesaling with the power company.

Under the new electricity wholesale system to be created by the amendment to the Electricity Business Law, which the Diet will soon begin deliberating, power companies designate small- and medium-sized thermal power plants eager to wholesale their electricity within seven years as power wholesalers qualified to participate in tenders offered by them for the purchase of electricity. Under the new electricity wholesale system, the power companies also estimate their respective costs of generating electricity and make them public. Ordinary firms bid on their purchase of electricity only if and when they can generate electricity at less than their costs.

The purchase price of electricity is likely to be set higher than the current purchase price of surplus electricity because the suppliers are obliged to wholesale their electricity in the long-term. While the wholesaling of electricity to power companies will become a promising source of earnings for companies that have land, fuel, and experience in generating electricity, the power companies will have the advantage of slashing new investment. In Britain and the United States, the IPP [expansion unknown] supplies a substantial part of the electricity with the effect of keeping electric charges low.

Panelist Reviews Deregulation Program

OW0105074795 Tokyo EKONOMISUTO in Japanese 18 Apr 95 pp 48-52

[Article by Haruo Shimada, professor at Keio University and leading private sector expert on the government's Deregulation Study Committee: "The Five-Year Deregulation Program Lacks a Strategy"]

[FBIS Translated Text] **As a Private Sector Committee Member**

On 31 March, the government decided on a "five-year deregulation program" that covers 1,091 items subject to deregulation. Of them, it had already been decided to deregulate 367. The remaining 724 items were newly added for deregulation or examination. It is difficult for any nation to carry out self-reform in peaceful times. It is noteworthy that the people concerned did their best, comparatively, to work out the program somehow.

I was one of the 14 members who participated in working out the program under the chairmanship of Hiroyuki Sonoda, deputy chief cabinet secretary, of the government's Deregulation Study Committee, which had been established in the end of November last year. This is a subordinate organization under the government's Administrative Reform Headquarters, headed by the prime minister, to conduct hearings of private views in the process of working out a five-year deregulation program. It is not certain whether the committee was designed to reflect private views in the making of the program to begin with.

My disappointment as a committee member was to unexpectedly find that the five-year program made little substantial progress in deregulation, contrary to the aforementioned assessment.

As concrete examples of deregulation that will affect the people, the government listed about 20 items, including extending a passport's validity to 10 years from the current five and generalization of permits to install home elevators in buildings to be extended or reconstructed that hitherto had to be examined and permitted on an individual basis. Are these not poor eye-catching items?

It was true that the program included things on which definite changes can be expected and also important items. One is the abolition of the law covering temporary measures on the importation of specific petroleum products. It enables trading firms and big gas stations to freely import petroleum products hitherto restricted to petroleum companies. However, this measure was decided on long before by another government agency, not by the current program.

Meanwhile, there were such new noteworthy deregulation items as dealing positively with applications for change in the use of farmland and housing plots, authorizing connection of exclusive lines with public circuits in telecommunications business, change in the system of rice sales from license to permit, expanding areas in which taxis and trucks can engage in business activities, expediting uniformity in JAS (Japan agricultural standard) and JIS (Japan industrial standard) with international standards, liberalizing in small-scale participation of ordinary electric businessmen in the electricity business, and so on.

However, a close look at the contents of deregulation reveals mostly abstract expressions regarding what concrete and effective changes will take place and when.

What was the aim of the five-year deregulation program, after all? The cabinet meeting explained the program's big aims as having the following five objectives: 1) giving consumers a wider range of choice, 2) scaling down the difference in domestic and foreign prices, 3) expanding domestic demand, 4) expediting imports, and 5) dissolving economic friction with foreign countries. In view of these aims, it is extremely uncertain how much effect the program will bring about.

A big impression I got from my personal experience of participating in the committee was that little discussion had been made on the deregulation's purposes. That should have been the biggest problem. On 24 February, the committee submitted its recommendations, which carried two opposing opinions on many items. It was because the committee had discussed details without having completed debate on the deregulation's purpose. Similar with public opinion in general, debates on deregulation were a little tense because on one side was a view that fully supported deregulation because it will turn everything good and favorable, while those opposing deregulation insisted that the consumers will be exposed to dangers threatening their safety, disrupting social order so that Japan will become a crime-ridden country like the United States. The exchange of views between supporters of deregulation as almighty and those opposing deregulation as dangerous will bring barren results.

Government offices can take action if the study committee comes up with definite conclusions. When confronting views are listed on the report, government offices can do nothing.

It would be bearable if the opposing views were listed in such a way that while deregulation is necessary because of such and such reasons, regulations and controls are also necessary to guarantee a healthy market when it is viewed from different angles. Then government offices could take it that they can basically go ahead with deregulation, while safety checks are conducted some other way. Government offices will have no choice if the recommendation is made in such a way that regulation is necessary to protect consumers.

Expectations for the Murayama Cabinet

Let me review how this situation came about.

On 20 September last year, the Murayama Cabinet asked domestically and worldwide for deregulation requests. In response, about 170 domestic organizations submitted requests and local public hearings were conducted several times. Many foreign governments also submitted letters of request. The Management and Coordination Agency compiled them, about 10,000, in order and they were then classified into 1,750 items.

When the compilation work was completed, the study committee met in the end of November. At that first meeting, I asked if the committee was going to discuss the purpose of deregulation. Secretariat officials answered that "that discussion has already been done and we want you to come up with concrete views." Had such a discussion been complete, however, there never could have arisen talk about almighty deregulation and dangers deriving from deregulation.

The deregulation idea was initiated by the Hosokawa cabinet with big fanfare; concrete examinations of the idea were done by the next, Hata, cabinet; and taken over by the current, Murayama, cabinet. Immediately after the new cabinet's establishment, an outline was made public to propel deregulation on 279 items. However, it is presumed that the Murayama Cabinet had plans to independently carry out wide-ranging deregulation. That was why a third series of meetings on the matter were held.

A funny thing about this was that no meetings were held in December, although the committee had been organized in the end of November. The next meeting was held on 6 January this year. The committee was to study the problem in two groups. However, these groups had only four meetings, including free discussions. Each meeting lasted only one and a half hours. Discussions on a big question like deregulation in such a limited time frame could only spare 15-20 minutes per item.

It was strange that 62 items were already on the agenda for study at the January committee meeting. The secretariat insisted that these items were selected on the basis of requests from committee members. However, I was never consulted on the committee's discussion priorities.

I posit that the government had examined and screened items that it could handle in December, then summoned the committee in January.

It is extremely important that the cabinet should have classified approximately 10,000 requests from within and without into two categories with serious thought on Japan's future: a very important theme requiring political leadership and the other that can be entrusted to government offices for handling. I must repeat time and again that the government had no other way but to take a stand with no strategy to respond to the requests, because it had not completed debates on the purpose of deregulation.

In early March, a strong wave was raised from within and without that wanted to see the program in the form of an interim report before the five-year program was to be completed, on the grounds that they had submitted their requests to Japan.

In response, by 10 March, government agencies made public what they could and could not respond to. Government agencies thus made their views public on 1,750 requests from within and without. That revealed that 740 items were either dealt with or to be dealt with, 350 were under study, and the remaining 660 were either difficult to deal with or were based on misunderstanding.

This was an apparent response that government agencies were expected to make if a ball was thrown without showing them what the basic policy is. Government officials can never say their office is less important than others, so they just coordinate numbers with other agencies.

With these end results only, the mass media tends to write that government officials are either evil or obstructing deregulation. However, I do not go along with this. I am aware that these officials have done their best. As a matter of fact, more than 10 people on the staff of the Councilors' Office on Internal Affairs of the Prime Minister's Office had sat up all night before the program was announced.

The worst evil is that it is not discernible where it is heading and no discussion is being made on that matter. I do not think that politicians are to be blamed for that. Within the ruling parties is a project team on administrative reform, headed by Kiyoshi Mizuno of the Liberal Democratic Party [LDP], and its members were on duty from morning to night at the Diet and the Diet members' hall for about two weeks before the announcement of the program.

Despite these efforts, "deregulation" may end up as words because it has no discernible direction for where it is heading. Politicians who represent the people have not thoroughly discussed what the Japanese economy's present status is, how we have to take it, or how it should be reformed, thus giving the people direction. For this reason, no answer is available despite the government's listening to opinions from within and without and that government officials stayed up late at night. It is up to the people and politics to decide what is and is not important.

After seeing the current five-year program, the U.S. Embassy is quoted as being dissatisfied: "We are a little disappointed about the extent of materialization of the principles that intended 'to abolish regulations in principle and apply restrictions on exceptional cases'." Ask not your friends for advice, unless you are determined to properly deal with that advice. Nevertheless, the Murayama Cabinet merely thought of a show, that it has been listening to opinions from around the world, sponsoring many public hearings, establishing a study committee, and so on.

Deregulation for What Purpose?

Political parties comprising the present coalition government are widely divided in their dealings with the basic direction. While Sakigake was earnest in carrying out both administrative reform and deregulation, the LDP and Social Democratic Party of Japan were not from the beginning, because of various interests involved. An extreme misfortune is before our eyes in which mixing various colors spoils a picture.

Now, for my part, I want to make clear what deregulation is after.

The post-war Japanese economy has made rapid progress. As a result, Japan's nominal income has become No. 1 in the world and is 25 percent higher than that in America, when converted at the current exchange rate. Simultaneously, domestic production costs have climbed to the world's highest. Japan cannot survive if it continues to produce the same things as other countries. Japan has come to a turning point where it has to build an entirely different economic structure from that of when it did its best to catch up with the United States.

Figuratively speaking, present-day Japan is suffering from diabetes. With about 250 in blood sugar level, it eats and drinks as it likes. When you are depressed and go to see a doctor, he will declare that your blood vessels are worn out because you have not taken care of the high blood sugar level. Then your days are numbered. Japan's economy is in such a condition.

If the present structure is left untouched, Japan's economy will hollow out. Japan's strong and comparatively superior fields of industry will be operating overseas and comparatively lower and weaker productivity industries will be staying within the country. Unemployment will rise and the government's livelihood protection allowances will have to take care of the unemployed because they are beyond the coverage of limited unemployment insurance. Such a financial burden without backing up production will ensure inflation. Government finances will get into the red and the government will suck up funds from financial markets, thus inviting a crowding out phenomenon. Then, interest rates will rise, making investments by private industries difficult. No more productivity improvement can be hoped for, promising no future for Japan.

If Japan's economy had been judged as having no future, investors from overseas as well as Japan will no longer purchase Japan's assets.

Now, when the economy is in a feverish condition and the Japanese yen is appreciating beyond its real value, Japan's employee fund managers will invest in the yen. However, they will withdraw en masse when it becomes known that the Japanese economy holds no future. Then the yen will plunge.

Program Urged To Create New Industrial Employment

Self-reform is the only way out from the serious diabetic condition.

One measure is opening markets to cheap foreign products and services. The measure will eliminate low-productivity industries, so they will have to improve productivity. They have to build their own power in the process of surviving free competition.

In my book, I wrote that we have come a long way to overtake the United States. Immediately ahead is down hill but you can see a snow-clad mountain a long way ahead. We want to climb that mountain but we have to cross a valley to do so. It is better to make the time span of enduring the pain of crossing the valley as short as possible. For that reason, I have insisted that the government launch a "program to create new industrial employment." That is a feasible plan.

The economy has an automatic reversing ability. The economy has a recovering ability of an entirely different form, like real income will increase when prices go down, consumption will increase when real income rises, employment will increase when consumption increases, production will rise when employment rises, and employment will rise when production increases.

By referring to a program to create new industrial employment, I am pointing out that the government has to work out financial, monetary, labor, and other related policies in the package to ensure the economy's automatic reversing ability to perform in a sure manner.

Deregulation and creation of new industrial employment must go hand in hand. Then the people can cross the valley without getting too flurried. This is what deregulation is intended for and it does not mean that deregulation can be left untouched without accompanying measures.

Democratic Circulation

Finally, let me tell how to make good use of the five-year program for the future. If you think you are through with the work for the present with the program's compilation, Japan is finished. You have to think the real challenge has now begun.

The challenges are to make available such fundamental resources as human talents, lands, funds, and assets to make a framework for their real utilization and to make people of action and ability play an important role in such control-ridden fields as agriculture, finance, telecommunications, and transportation.

Encouragement of freedom is accompanied by self-responsibility. To assure self-responsibility, such things are necessary as supply of information, clarification of rules, and guarantee of minimum security. Enjoying the merits of deregulation and diminishing social evils to the minimum through such systematic guarantees are similarly important, making deregulation complete by gearing both wheels.

A third-person standing organization pumping up private opinion is needed to attain the five-year program goals. The program did not specify the establishment of other organizations because there already is an administrative reform committee. The government is presumed to carry out deregulation at its own pace, afraid of confusion that may arise from a snake in its bosom. From the government's side, the study committee must have produced too much noise.

Because of that noise, the mass media was interested in the program and the people were informed of the process. If the government decides on a big policy and the people merely follow it without raising any opposition, it is fascism. Once the government decides on a big policy, the study committee and mass media carry on a heated debate on it. Each person, on his or her judgment, chooses politicians in elections and the government makes efforts to carry out what these politicians decide. For present-day Japan, such a democratic circulation is necessary.

Experts Discuss High Yen, Industrial Hollowing

OW0105065295 Tokyo SHUKAN DAIYAMONDO in Japanese 22 Apr 95 pp 48-53

['Dialogue' between Tomoshige Ito, professor of economics at Tokyo University, and Haruo Shimada, professor of economics at Keio University and leading private sector member of the government's Deregulation Study Committee; place and date not given]

[FBIS Translated Text] [Shimada] When we look at the Japanese economy today, we have the impression that it has produced a variety of problems in such a short time that policy cannot keep up with them.

[Ito] Policy has been forestalled in every attempt. Conversely speaking, it may be that the movement in the economy has been too fast and that countermeasures have been unable to catch up with them.

[Shimada] It is true that policy has been forestalled, but I cannot help thinking that the defects of the policies themselves have come to the surface rapidly. Looking at a series of moves concerning the Tokyo Kyodo Bank as well as at deregulation measures taken by each government agency, I feel that they are terrible.

If the problem is compared to the human body, it is like being given a wrong medicine when there is a wound and there is bleeding, making a great mistake in the administration of medicine, or conversely having left the patient unattended even though he is wheezy.

[Ito] There are a mountain of difficult problems both in macroeconomics and microeconomics; the absence of policy has become the rule. In the midst of these, the management of businesses has now become considerably difficult. Above all, we cannot ignore the effect of the recent sharp rise of the yen on the Japanese economy even from a mid-term perspective.

[Shimada] Sony's Chairman Akio Morita once said: "Before we discuss losses or profits caused by changes in exchange rates, we must recognize the fact that if an exchange rate continues to change drastically and suddenly, there is a complete reversal between the enterprises's actual profits and its productivity or business efforts. We can neither make an investment plan nor can we make an evaluation."

[Ito] Concerning changes in exchange rates, there is a study on the amount of decrease in Japan's exports as a result of a higher yen, and on the effect of a higher yen on Japan's imports.

During the period of the fixed exchange rate system, the trade and production of industrialized countries showed a rapid response to changes in exchange rates. However, with the coming of the floating exchange rate system, the response of imports and exports, especially that of exports to changes in exchange rates has gradually become slower. Such a tendency is observable not only in Japan, but also in other major countries in general.

In short, since the beginning of the fluctuation of exchange rates, businesses have subsequently come to respond to the fluctuation. This does not mean that businesses are making an adequate profit; despite a higher yen, Japan is continuing its exports. This, in turn, has caused the fluctuation of exchange rates. This is a kind of vicious circle.

[Shimada] The increase of surpluses is not due to the power of the Japanese economy. For example, Japan adopts the lifelong employment system, so it produces the goods necessary for the number of its workers to maintain its employment system. Japan produces in time of recession as well; but its domestic consumption is not very large; as a result, surpluses inevitably come into being.

[Ito] And, whenever the yen rises, the hollowing out of the Japanese economy is taken up. It may be certain that hollowing out is heightened by the appreciation of the yen, but I think hollowing out is a rather long, structural problem. We had better discuss the problems of a higher yen and hollowing out separately.

It Is Nonmanufacturing Industries Rather Than Manufacturing Industries That Are in a Do-or-Die Situation Because of a Higher Yen

[Shimada] Enterprises, like Sony Corporation, which are conducting business with bases of business operations all over the world, can, conversely speaking, hedge their exchange risks as a whole through adjustment of their accounting within the enterprises. Therefore a higher yen has relatively a little effect on big businesses. It is medium sized domestic industries that are most adversely affected.

[Ito] Local industries, for example?

[Shimada] Local industries, too, are affected considerably by a higher yen. The greatest problem, however, is other fields of Japan's economy which are not directly affected by a higher yen.

For example, nonmanufacturing industries like financial institutions. There are public offices and universities in addition. According to the structure of the labor force, out of Japan's 65 million workers, 40-50 million workers belong to the categories mentioned above. These workers are just taking it easy because they are not directly affected by a higher yen.

For example, if a trading firm dispatches a staff member to an area where the U.S. dollar is used, it is said that it will cost 40-50 million yen. With this amount of money, it is possible to employ in that locale 10-15 people who are more than equal to the staff member in ability. This is true not only of trading firms but also of other service industries in principle.

[Ito] Wages in Japan are so high that competition on equal terms is impossible.

[Shimada] When we look at the realities of industries, including service industries, there is no mistake about the fact that the value of the yen is much greater than its actual value.

[Ito] This is not only true of Japan, but also of Germany. The situation in Germany may be more serious than that in Japan since Germany is connected with its neighboring countries by land.

However, when we consider the case of Hong Kong on the other hand, we find that wages in Hong Kong are much higher than those in China proper. Therefore most of the manufacturing industries in Hong Kong moved to the Chinese Mainland, causing the hollowing out of manufacturing industries in Hong Kong. However, when we consider the conditions of the population and the area of Hong Kong, we can say that Hong Kong is maintaining its prosperity through the hollowing out of its industries.

The reason that Tokyo is enjoying prosperity more than any other place in Japan is that it has in its neighborhood an extremely large population and relatively low-cost producing districts. Therefore Tokyo has been able to attain a high development through hollowing out.

[Shimada] It is certain that big businesses can meet the situation through globalization of their activities, but what will happen to medium and minor manufacturing industries?

[Ito] When we look at the history of producing districts and of sub-contractors in the neighborhood of big cities, we find that it was a series of trials—1960's when the wages rose due to the collapse of the so-called dual structure; 1970's when the floating exchange rate system caused oil shocks; the appreciation of the yen since 1985. At each crisis, the "end of Japan's minor enterprises" was discussed.

During the past three to four years when the situation underwent a violent change, certainly there have been bankruptcies and decreases in the number of enterprises. However, the ratio of the number of workers in minor enterprises to the total work force in the manufacturing industries has shown almost no change.

[Shimada] Some enterprises are closing; others are growing.

[Ito] That is right. It is difficult to determine the reason the current situation is an exceptional case quite different from the past situation.

Makers of Western flatware in Tsubame, Niigata Prefecture, had been producing cheap knives and forks in large quantities at a low cost and had been exporting them through trading firms. However, they lost competitiveness price-wise in international markets because they were caught up with by South Korean and Indonesian enterprises. Some makers closed their business, but others which are still in operation are selling quality knives and spoons to restaurants or hotels, instead of making cheap knives and spoons for export. Some makers are producing reflecting mirrors for roads or golfclub heads by making use of the technology used in processing spoons.

In short, they have stopped being sub-contractors depending on the marketing channel of trading firms; they are trying to become makers for domestic demand by promoting the differentiation of products.

[Shimada] I know a certain machine shop in Ota Ward, Tokyo. The shop lost much of its work and skilled workers, and it was on the point of closing. However, the situation has become very favorable for the shop. The reason is that the shop has come to have orders of spot goods whose time limit for delivery is very short and whose unit prices, as a result, are relatively high. Most of the orders are from big Japanese businesses operating overseas, and because the quantity of goods ordered is not very large, orders are be placed with minor enterprises.

The Self-Contained Production System Has No Merits; Seek New Business and the Differentiation of Products

[Ito] In the midst of changes, what industry should be is changing. In the case of the electrical machinery industry, its exports for household use are steadily decreasing, but its exports for industrial use, or exports of devices or semi-conductors are increasing.

[Shimada] The Science Park in a suburb in Taipei, Taiwan, is now a Silicon Valley in the Orient. When I visited the factory, I found that all the capital goods, such as steppers and wafers for semi-conductors, as well as water purifers, were of Japanese make. Not only such semi-conductors but also all capital goods in textile factories and electrical machine parts factories in Asian regions are supplied by Japan. Minor enterprises in Japan are experiencing secondary, tertiary, and quartic effects of the supply of such capital goods.

[Ito] The reason overseas exports of parts by minor enterprises are increasing is that with the internationalization of industry it has become impossible for one enterprise to meet the demand of the whole industry. The tendency is that within one industry several enterprises with a speciality are taking charge of their specific fields.

Once IBM displayed its power by undertaking basic research, production, and marketing for itself. The same was true of Japanese businesses, because their markets were primarily within Japan. The automobile industry and the household electrical appliance industry displayed their competitiveness through well-balanced undertaking of development, production, and marketing of products. For these industries domestic markets came before overseas markets, and through domestic markets, they cultivated their ability and prepared themselves for overseas markets.

However, when the industrial structure became open, general enterprises like IBM began to decline. Instead, enterprises like Microsoft and Intel, which are unique thus putting them above rivalry, have began to grow.

[Shimada] It may be that Japan's enterprises are feeling the agony of the structural transfer of industry.

[Ito] Minor enterprises have heretofore incorporated themselves into the self-contained system—a system in which the production and marketing of products are done vertically—by depending on the marketing channel of trading firms or by becoming sub-contractors of big enterprises. Makers of Western flatware in Tsubame, Niigata Prefecture, were sub- contractors of the trading firms that export their products; and auto-parts makers are beautifully classified into tertiary sub- contractors, secondary sub-contractors, primary sub-contractors, and assemblers.

For industry as a whole, including minor enterprises, to improve itself, big enterprises, first of all, must initiate technological development that is inimitable for other enterprises. And minor enterprises will need to search for new business or to produce very special, quality goods, instead of closely connecting themselves with big companies. Then the hollowing out which we are afraid of may turn out to be groundless.

[Shimada] The contents of last year's white paper on economics were: "We do not have to be afraid of hollowing out." However, I think that view is a little optimistic. The white paper only says that hollowing out can be overcome through international specialization.

In short, the white paper tacitly presupposes that Japan will occupy the top position in the technical field like a wild goose at the head of a flying formation of wild geese and that Japan's technological power will be always beyond the reach of countries closely following Japan. However, there is a possibility of technological power being reversed. This is quite obvious when we compare today's Japan and the United States with those of thirty years ago. This is a lesson of history. If a reversal of technological differences, like the one between Japan and the United States, occurrs this time between Japan and Asian nations, there will be a real hollowing out of Japan's manufacturing industry.

[Ito] A reversal of technological difference had better not occur in that sense. However, even though there is a reversal, if that reversal is caused not by Japan dropping out but by the superiority of Japan's partners, that is not bad for Japan from the standpoint of economic theory, aside from whether that is good or not for businessmen.

A Sense of Play Rather Than Superhuman Effort

[Shimada] The industrial structure has changed from the self- contained system—a system in which production and marketing are done in a conclusive way—to the open system. For example, the software system of IBM has become open; as a result, it has become possible for very able men to jump into the field and start businesses. Today's enterprises need a business environment where men, like Bill Gates of Microsoft, can come forward in succession and start 'an enterprise.

[Ito] Let us suppose that there are two types of Japanese: "Mr. Taro," who is a typical Japanese in the organization, and "Mr. Shintaro," who is innovative and does not cling to his company. Today's Japan of course needs "Mr. Shintaro." However, there is absolutely no need for all the Japanese to change into "Mr. Shintaro" from "Mr. Taro." I think if there is one "Mr. Shintaro," 99 "Mr. Taros" can survive. In that sense, a majority of businesses can continue their business activities just as earnestly and honestly as before like "Mr. Taro."

[Shimada] Bill Gates happened to succeed, but there might have been tens of thousands of people who wanted to do as Gates had done. And only Gates stood at the forefront of the competition. We need a social setup in which we can experience trial and error. It is such an experience that is deficient in today's Japanese economy.

[Ito] This is a world of play in which only one out of five can succeed after a series of trials. Not everyone can succeed even if he continues superhuman efforts and collection of information for five years.

There are labor, work, and play in rodo [a Japanese word meaning labor, work, or toil]. In the old days, men labored like a bull or a horse. Liberated from labor by mechanization, men have come to work. I think the next keyword is play.

[Shimada] That is right. However, we may be scolded: "Since you are university professors, you can afford to indulge in such idle talk as play. The world is not such a place."

In short, although they may not be full of life as university professors, minor enterprises which are directly linked to markets are full of life compared with big enterprises. In that respect, big companies which are protected by vested rights have many problems.

Of the financial businesses, the insurance business, air service, and others, air service, for example, is being forced to make a serious choice in my opinion. If the world is moving toward the age of the open sky, how to survive in the environment of the open sky is a question and a goal of air service. On the other hand, however, air service can prevent the sky from becoming open through its vigorous action in that direction.

[Ito] Japan has to select one or the other of them.

[Shimada] Japan has to select either one of them, but it dare not do so. Since the direction is not yet decided, each aviation company is in a deadlock.

It seems that about 70 percent of opinions opt for closing the sky.

[Ito] The same is true of the banking community. However, it is unreasonable to talk about the great domestic air service or the great financial business with the protective cover of regulations within the country.

[Shimada] Yes, I think it is unreasonable. They themselves sense the unreasonableness of their claim, but they cannot make up their mind easily. As for air service, the opening of the sky is inevitable. If air service decides that it will make the sky open, it should decide on a policy that makes its survival possible through appropriate restructuring. This will solve the problem of air service. Now is the crucial moment for air service to make a policy decision.

The Tragedy of White-Collar Workers of Big Businesses Whose Future Is Unpredictable

[Ito] The closing of the sky is advantageous to air service. But it is very disadvantageous for users.

[Shimada] It is tremendously disadvantageous. Now the sky is closed at the sacrifice of consumers, and something like rents are divided between the state and the industry. That is what I feel. However, I think that white-collar workers of big industries which are guarded by such protection and regulations should be feeling firmly that high waves are coming surging upon them.

[Ito] In the distribution industry, those who are protecting its vested interests are not big enterprises but individual managers in traditional shopping districts. Now what is happening there is that children of these managers do not succeed to their parents' business like children of farmers. They are what is called merchants with a side job.

If the distribution industry wants to secure employment in it, it must make itself attractive enough for younger people to work there. The distribution industry, air service, and financial business assume that they are protected by their vested right, but the surrounding areas of their strongholds are being gradually invaded.

[Shimada] Therefore white-collar workers working at those industries have a strong sense of crisis. They have no prospect for the future. Even though the president of a company elucidates on the future, no one believes him.

If the president of a company shows a plan for the future, a reduction of its workers to one-tenth on a ten-year program, for example, the future will become visible in its own way.

[Ito] While thinking that somehow they will come out all right, big enterprises have lost oppotunities to take countermeasures. This time the inner areas of their strongholds will gradually be invaded.

[Shimada] In that respect, managers of minor enterprises have a plan for the future; they can move on their own. However, the future of salaried men is quite unclear; they are not given directions. This puts them in a miserable position.

[Ito] However, I think the government will make a policy and control prospects or courses. In the postwar setup in Japan, the government was the boss who controlled the business community.

In financial business, the inance Ministry has made stipulations concerning the branches of banks; in air service the Transport Ministry has stipulated the number of airplanes; the Health and Welfare Ministry has stipulated the price of every medicine and about salaries of hospital staff members. The government, like a factory manager, has controlled everything, including parts.

However, the actual economy is not moving in the direction the factory manager anticipated. Then it is important to change concepts completely so that each man can act freely on his own responsibility, repeating trial and error within market mechanisms, instead of establishing policy out of the past setup. But, because we cannot accept unrulyness, a decision must be made through the antimonopoly law and others

The Greatest Risk Is That the Public Does Not Know About the Risk

[Shimada] That is right. In financial business, the government, the factory manager, had led its workers in an orderly manner without telling them anything. The workers could become happy if they obeyed the orders of the factory manager without asking questions.

However, such an environment has changed so suddenly that things began to go wrong in the midst of confusion. Furthermore, the factory manager intends to say to its workers: "Since you have become rich and powerful, do everything at your own risk." Therefore everyone has begun to feel uneasy.

[Ito] This is the agony felt in the process of transition from control by the boss to market mechanisms.

[Shimada] That is right. However, I think there is a middle step before moving directly to market mechanisms. That is to open to the public, once and for all, all the information that the factory manager acquired and accumulated in the course of his management of the factory.

[Ito] This is disclosure, and what the public needs is to learn.

[Shimada] The nation has almost no information about a credit union, for example. The people as individuals do not grasp the risk of the financial system. For example, concerning financial assistance for the Tokyo Kyodo Bank, metropolitan assemblymen said "no" without knowing about systemic risks. However, after having said "no," they learned and found out many things. When they get a concrete picture of things, they will realize how serious things are.

[Ito] The public has been protected and kept from risk by the government, so the public does not know about the risk.

[Shimada] Therefore the public always needs to know: "The financial system is not a safe thing, but a risk itself—something like thin ice on which we must tread carefully. The government is operating the system, hiding the risk involved." The Finance Ministry says that if it informs the public about the risk, the public will panic. However, the Japanese are not so foolish as that.

[Ito] The Finance Ministry has instead kept telling the public that the financial system is absolutely safe.

[Shimada] Therefore it has become urgently necessary for the public to start learning. I think risks about the financial system should have been written, for example, in junior and senior high school textbooks before such a necessity arose—things like "if such and such a thing happens, a grand-looking financial system as it is, it will crumble very easily.

This is real risk management.

Positive Aspects of Strong Yen in Asia Viewed

OW0105023595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 Apr 95 Morning Edition p 3

[From the "News in Mirror" column by editorial writer Hideo Tamura: "Japan-U.S. Wealth War—U.S. Gains Great Lead in Round One"]

[FBIS Translated Text] The United States is having a stock investment boom despite the dollar's decline against the yen. Inflationary pressures have not been observed in the U.S. market, and interest rates are also stable. U.S. companies are restoring their competitiveness in the world market, and their productivity and exports are also picking up.

On the other hand, Japan is undergoing deflation caused by the appreciation of the yen. Economic growth rates remain level, very close to zero, and companies are suffering business slumps. Dollar-denominated assets of life insurance companies and other investors lost their value by 40-50 trillion yen [Y] due to the decline of the dollar.

In a meeting with U.S. Secretary of the Treasury Robert Rubin in Bali last Sunday [16 April], Finance Minister Masayoshi Takemura proposed "U.S. issuance of yen-denominated national bonds." However, Rubin flatly said "no" to the proposal.

The U.S. Government is able to cover up its fiscal deficits with no problem because everybody in the world is happy buying dollar-denominated bonds. The United States has been scattering the dollar all over the world, and, as a result, 60 percent of dollar banknotes are circulated outside the United States.

The Clinton Administration made its debut following the conclusion of the Cold War, taking a clear-cut view that the world has entered into the age of economic competition. The Democratic government is seeking the expansion of the share of U.S. products in the world market to enrich Americans through exports. U.S. Undersecretary of Commerce Jeffrey Garten said "wages in exporting companies are 20-percent higher than the average level."

However, the market share of U.S. products remains at an extremely low level in Japan, the world's second-largest market. The weak dollar is a plus for U.S. companies seeking stronger competitive power, and is the most effective tool to demand expansion and liberalization of the Japanese market. Japan's earnings from trade have been changed into dollar-denominated assets, but at some point those may become scraps of paper, depending on future trends in the foreign exchange market.

If the present situation should be described as the age of a "Japan-U.S. wealth war," the United States is obviously gaining a great lead over Japan. But the lead would be for one round only.

To cope with the yen surge, Japanese companies are hurriedly building up production networks in Asian countries. For those making investments overseas, a surge of the yen from Y100 to Y80 to the dollar is the same with a 20-percent tax cut.

Japanese automakers, including Toyota Motor Corporation, are planning to cut parts procurement costs by 25-30 percent in the next three years, making the most of their networks between Japan and Asia. They plan to advance into Vietnam when they complete ongoing investment projects in Thailand, Malaysia, and Indonesia. An official of a major automaker proudly said "there is no room left in Asia, except in China, for the Big Three."

Asian countries are enjoying big investment booms. The Japanese manufacturing industries are finding a way out of the prolonged business slump, because Japanese plants in Asia import production equipment and main parts from Japan. The increase in exports to Asia is big enough to cover the decline in those to the United States. Nowadays, 96 percent of the U.S. trade deficits is created by transactions with Asia.

In addition, Asian countries are now trying to link their currencies with the Japanese yen and the German mark instead of the weakening U.S. dollar. They are trying to avoid possible troubles in economic management because currency rates at low levels often trigger inflation.

The United States is becoming very nervous about such Asian moves. The United States is not invited to the East Asia Economic Caucus (EAEC) proposed by Malaysian Prime Minister Mohamad Mahathir. A U.S. official recently declared to Japanese business leaders "we may scrap the Japan-U.S. Security Treaty if Japan joins the EAEC."

The United States is afraid that the EAEC may draw a line in the Pacific Ocean and the United States may be kicked out of the rapidly growing Asian market. But Japan is recovering its advantage in the region due to Japanese companies' active investments in Asia and Asian countries' separation from the dollar. Japan has a good chance to win back its lead in round two.

The United States is the only hegemony in the world, no matter what happens to the dollar. However, the United

States may lose the title of the No. 1 GDP if the yen rate keeps growing. That would badly hurt the pride of Americans, and they may gradually get tired of trying to maintain their hegemony.

Recently, U.S. Government leaders visiting Japan for negotiations could hardly afford a cup of coffee at their hotel. Some of them had big fights with the government when the government refused to pay for lunches in Tokyo. Overseas operations of the U.S. Government are restricted by its budget cut policy, and the decline of the dollar makes the situation even worse. Even the defense budget is not free from the financial difficulties.

In a recent report, Undersecretary of Defense Joseph Nye noted that U.S. Forces Japan and Korea should maintain their strength at the present level. But some White House policymakers reportedly hold critical views on that.

Neither Japan nor the United States can become a real winner of the "wealth war" through currency manipulation. That would just result in total "chaos."

Editorial Comments on Emergency Yen Package

OW2804151195 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Apr 95 Morning Edition p 3

[Article by Masato Sano, NIHON KEIZAI SHIMBUN editorial staff member: "News; Reflector"]

[FBIS Translated Text] Markets responded coolly to the government's emergency economic measures, which were announced on 14 April to deal with the strong yen. The foreign exchange market did not respond and the average stock price dropped close to 16,000 yen. Most investors are of the view that "the contents of the economic package are as expected and they lack originality and boldness." In other words, they are saying that they do not feel like making any moves because the economic measures are too obvious.

Members of the ruling coalition parties and government ministries and agencies, who kept vigil to map out the measures, may feel that they are placed in a dilemma. However, a similar happening took place one week ago. Yukio Aoshima and Knock Yokoyama won the gubernatorial elections in Tokyo and Osaka respectively. Candidates who were former bureaucrats were easily defeated although political parties supported them by coordinating among themselves, mobilizing organizational power, and spending time and money. The strategies of Aoyama and Yokoyama, who do not belong to a political party and who carried out moderate election campaigns, hit the bull's eye.

In the past, the political parties' strategies of supporting candidates who are former bureaucrats worked even for third and fourth terms. However, such strategies did not work this time. Instead, the unconventional strategies of Aoshima and Yokoyama worked well. Political parties felt mortified at their defeat, saying: "It is quite a shock that the candidate who did not even have an election campaign won the election." Nevertheless, the voters responded to the new strategies, which were rather like guerrilla attacks.

It seems that a similar principle is working on the economic measures to deal with the strong yen as well. The economic package calls for a reduction of the official discount rate, increase in public investment, and the need to ease government regulations. Moreover, it also says that the government will publicly disclose mid-term progress [of the package] and complete a report by such and such a day. This is a run-of-the-mill method [tairetsu koshin hoshiki], which was practiced many times in the past. In the case of the gubernatorial election, Nobuo Ishihara, former deputy chief cabinet secretary, launched such a stereotypical campaign. We admit that the government and ruling parties are sincere and serious. However, the markets did not respond to the economic measures in a way the government expected.

In a way, such sincerity of the government and the political parties added fuel to investors' trust in the yen. When the yen becomes strong, companies work hard to promote industrial rationalization and the government and ruling parties buckle down to the tasks of preventing companies from going bankrupt, securing employment, and keeping stock prices high. At the same time, they also control their actions so that inflation can be prevented. Although the world is flooded with the dollar, the U.S. treasury secretary proudly said that the United States is "fulfilling its responsibilities." This attitude is quite different from that of Japan, who even gives investors a chance to sell the risky dollar for the yen under the name of market intervention by the Bank of Japan [BOJ].

If the government were to try Aoshima-style adverse tactics, it would mystify investors first, saying: "Japan is a happy country because you highly value the yen." Then, the government would keep quiet after saying: "I will be reading books at home." The government would quietly wait until speculators began to get impatient and apprehensive about the continuous purchase of the yen. Needless to say, the market is already beginning to hesitate to buy the yen because the value of the dollar dropped to 82 yen.

Meanwhile, the government would not forget to launch guerrilla tactics. The government would whisper in a U.S. official's ear, saying: "We are thinking about converting the 80 billion dollars' worth of short-term U.S. bonds that we have into a savings account in Eurodollars." The United States would not accept it. However, such an attempt would give an impression that Japan is thinking about something ill-natured and irresponsible.

The government and BOJ would intervene in the futures market [sakimono torihiki] at the right moment. It is said that they are studying the possibility of intervening in the futures market. However, the government needs to find the precise timing for such a market intervention as

Aoshima did when he conducted a hunger strike demanding Kanemaru, former vice president of the Liberal Democratic Party, resign from his post as a Dietman.

Specialists were surprised by the rapid rise of the yen and Aoshima's victory in the Tokyo gubernatorial election. However, if you think harder, you would realize that society and the market are changing. We have no choice but to come up with a new concept to deal with changes.

Finance Ministry Drafts Supplementary Budget

OW2804123995 Tokyo KYODO in English 1231 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—The Finance Ministry has worked out outlines of a supplementary budget which will range from 2.2 to 2.3 trillion yen, with a focus on reconstructing Kobe and countering the yen's rampage, ministry sources said Friday [28 April].

The stimulatory budget, the first in fiscal 1995, also features outlays for police investigations of the March 20 sarin gas attack on Tokyo subways and related matters, the sources said.

The cabinet of Prime Minister Tomiichi Murayama will approve the framework of the budget May 10. It is scheduled to be submitted to the Diet on May 15 and expected to be passed May 19, they said.

Outlays for the Kobe area, devastated by the Jan. 17 quake, will total 1.2 trillion yen to rebuild the port and roads and provide facilities for the still-displaced.

An additional outlay of 300 billion yen will be spent for cleanup of debris, they said.

The budget calls for 400 to 500 billion yen to repair or renovate fragile public facilities nationwide that could collapse in a large- scale natural disaster.

The portion targeted for the yen calls for several tens of billions of yen to restructure the economy by bolstering research and development in the telecommunications and science and technology fields to cope with the strong yen.

The section to fight the yen's sharp rise also calls for increasing the amount of loans from government-backed financial institutions to small and medium-size businesses pummeled by the currency's climb, they said.

To pay for the supplementary budget, the ministry will float more than 1.7 trillion yen worth of construction bonds and approximately 500 billion yen worth of deficit-servicing bonds, they said.

The issuance of the latter bonds comes on the heels of the flotation of 810 billion yen worth of deficit-covering bonds that financed the second supplementary budget in fiscal 1994. The Finance Ministry warns that the swelling amount of such bonds will cause fiscal disorder.

The controversial scheme is expected to ignite debate on ways to finance a string of stimulative packages that Japan has compiled and will put forth in coming years, they added.

Editorial on Benefits of Yen Appreciation

OW3004230595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Apr 95 Morning Edition p 2

[Editorial: "Positive Thinking in Seeking Ways To Deal With the Yen's Appreciation"]

[FBIS Translated Text] The rapid appreciation of the yen has a serious impact on the export industries, and "may even adversely affect the economy." (Monthly Economic Report for April). However, yen appreciation is not entirely negative; it also has tremendous benefits.

To stop the rapid appreciation of the yen, the government, Japanese companies and consumers should take advantage of the benefits of the yen hike, and take sensible action that will contribute to the reduction of Japan's balance-of-payments surplus in their own capacity.

Japan's enormous financial surplus and the U.S. fiscal and trade deficits constitute the basic causes of yen appreciation and dollar depreciation. Ideally, the two countries should cooperate in dealing with their respective imbalances. However, the fact is, due to circumstances in the United States, it is not easy to undertake effective bilateral coordination.

However, if nothing at all is done about the situation, there will be no end to the trend of yen appreciation. Japan needs to do everything in its power.

First, what the government and the Bank of Japan [BOJ] need to do is to implement drastic economic pump-priming measures. What they have done so far has not fulfilled the function of stopping the yen hike, but has, instead, aggravated the appreciation of the yen. The FY 1995 government budget is based on an extra-tight fiscal policy, and Finance Ministry officials have even been talking about a tax increase to finance the rehabilitation efforts for the great Hanshin earthquake. That was why the BOJ was reluctant to lower the official discount rate.

Responsive Policy Action Important

After being forced into a corner, the government and BOJ finally came up with yen-curbing measures consisting mainly of a discount rate cut. While the policy package, admittedly, has some positive aspects, such as the formulation of a major supplementary budget to be financed by deficit-covering bonds and frontloading of deregulation measures, it came too late. Such policy measures have obviously been anticipated by the market, and they have not had any notable impact on the yen rate. Stock prices dropped because of massive selling out of disappointment.

Since the yen-curbing package came too late, it should have included a more substantial cut in the discount rate and new deragulatory measures for expanding imports, in addition to frontloading. The government and BOJ should always bear in mind the high price they have paid for wrong timing.

Furthermore, urgent legislative steps should be taken to liberalize the financial and capital market and promote the internationalization of the yen. Unfortunately, we have not seen any thing done in this respect.

While the government's incompetence has tended to accelerate the yen's appreciation, businesses have been making much progress in dealing with the strong yen. The decisive difference between the yen hike after the Plaza Accord and the present situation is that the home electric appliance, automobile and other industries now have a substantially expanded production base overseas.

Therefore, if domestic labor cost inflates in dollar terms due to yen appreciation, it is now possible to move production to regions where wages are cheaper, and later export to Japan products manufactured in these areas. Last year, Japan imported more than 300,000 units of motor vehicles. Around one-third of these was re-importation of vehicles made by Japanese companies overseas. Active steps are also being taken to tap companies in China and other East Asian countries as sources of raw materials and parts. Such imports reduce production cost.

After the dollar dived below 90 yen, there has been an increasing number of Japanese companies which have raised the prices of their products in dollars. In the past, even if the yen appreciated, most companies used to maintain their dollar prices through their own penny pinching efforts. This, in turn, resulted in increasing exports and a ballooning trade surplus, thereby proffering an even stronger yen.

On the whole, moving production base overseas and raising dollar- based prices serve to compress the financial surplus.

Efforts to rechannel windfall profits from yen appreciation to the whole economy are also imperative. According to the government's estimates, exports in FY 95 are likely to reach $416 billion, and imports, $276 billion, resulting in a trade surplus of $140 billion. However, this does not exactly mean that we will be that much in trouble. Around 40 percent of exports and 20 percent of imports are yen-denominated. Surplus excluding the yen-based trade will only be $28.8 billion.

This means that if windfall profits from the yen hike are fully returned to the economy, the impact of yen appreciation will be minimal in macroeconmic terms.

Most of Japan's crude oil and other energy sources, metals, textiles, lumber and other raw materials are imported. Most of them are dollar-based, and therefore, there should be an enormous profit from the yen hike. Reverting such profits, for instance, by lowering the prices of fuel, will help cost reduction in the export industries suffering from the strong yen.

There are also great benefits from the yen hike for consumers. While workers cannot hope for wage increases due to the economic recession, they can increase their actual purchasing power by buying cheap imported goods. In a sense, this has the same effect as a tax cut. Recently, there has been an increase in imports from home appliances to automobiles, to clothing and foodstuff. The ratio of manufactured goods in overall imports currently exceeds 50 percent. Reimbursement of profits from exchange rate fluctuations for these products is also necessary.

Economic Recovery Through the Rechanneling of Yen Hike Profits

However, the fact is, the reimbursement of yen hike profits is still not fully reflected in the imported products. The export industries should come out and demand a return of yen hike profits from the raw material sectors, such as electricity and gas.

Consumers should also keep a close watch on whether such profits are sufficiently reflected in the prices of imported commodities. Among consumers who feel that this has been insufficient, there is now an increasing number who order products directly from overseas sources. The prices of many of these products are only half of those of comparable Japanese products even counting the mailing cost.

The windfall profits from the strong yen are not something that Japan has worked for. When the Japanese economy is facing unprecedented difficulties because of the yen's rapid appreciation, such profits should not be accumulated by a number of privileged sectors, but should be widely rechanneled to the whole economy to help push the process of economic recovery. This will, in the end, also benefit those industries that have been monopolizing the benefits indirectly.

Consumers should travel abroad more often to enjoy the benefits of the strong yen. One can now enjoy nearly two weeks of holidays overseas for what one used to pay for a one-week trip a few years ago. Japanese money that remains unused in the country can be powerful in foreign lands. It would be nice to spend a long vacation for a month or so in the summer. Then, consumers will come to question why can they not enjoy life the same way in Japan. If rapid appreciation of the yen can be prevented, a strong yen per se is not bad at all. Japan needs to transform into an economic structure that is able to absorb the impact of yen appreciation.

Defense Plan Proposes Counterterrorist Measures

OW2804133195 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Apr 95 Morning Edition p 1

[FBIS Translated Text] The Defense Agency [DA] formulated a framework for a new "National Defense Program Outline" to replace the current one, which has served as a guideline for national defense buildup for nearly 20 years.

In response to newly emerging situations, such as the end of the Cold War and the Tokyo subway sarin attack, the DA intends to shift the purpose of the defense buildup from "repelling limited, small-scale aggression" to "quick mobilization against various kinds of dangers" such as chemical attacks by terrorists and the influx of armed refugees. Other main points in the new outline include the reduction of major equipment, the effective organization of troops, and system improvement to tackle disaster relief and peacekeeping operations (PKO).

The DA plans to work out a draft of the new defense program outline incorporating these points, submit it to the Security Council as early as June, and obtain cabinet endorsement this year.

In response to a Defense Issue Council (an advisory panel to the prime minister led by Hirotaro Higuchi) report submitted last August, the DA has been studying the revision of the defense program outline, which was endorsed by the cabinet in 1976.

Basically, the new program follows the previously set policy of "fundamental defense buildup," which advocates firm maintenance of the Japan-U.S. Security Treaty and designates no specific nation as a threat. Keeping the subway sarin incident in mind, the DA proposes revising the defense system to deal with various kinds of terrorist acts, including chemical or nuclear attacks, and the influx oe armed refugees as well.

Under the new defense program outline, Ground Self-Defense Force numbers will be reduced from the current 18,000 to approximately 15,000. At the same time, its 13 divisions will be cut to about 10. In both the Maritime and Air Self-Defense Forces, the number of escort ships and fighter units will be reduced but the long distance transport capacity will be enhanced to participate in future PKO activities. Regarding the influx of armed refugees, the new outline also calls for forming special units that are designed to deal with specific regional disputes.

Defense Agency's Murata Urges More Quality

OW0105092595 Tokyo KYODO in English 0835 GMT 1 May 95

[FBIS Transcribed Text] Tokyo, May 1 KYODO—New Vice Defense Minister Naoaki Murata called Monday [1 May] for improving the quality of Japan's defense capabilities in compiling a draft revision of its basic defense policy platform, called the national defense program outline.

In an interview with KYODO NEWS SERVICE, Murata said the cabinet of Prime Minister Tomiichi Murayama will form a new defense outline by the end of the year to replace the present one written in 1976.

"The primary importance of defense capabilities lies in (improving) functions rather than quantity," said Murata, 57, who succeeded Shigeru Hatakeyama as the Defense Agency's top bureaucrat.

Murata said he wants to finalize the new five-year midterm defense buildup program starting in fiscal 1996 by the end of the year.

He said North Korea's suspected nuclear program would have no special effect on Japan's defense plan, with the exception of concerns over its ballistic missiles.

But Murata said Japan should maintain its surveillance of other neighboring countries as well, including China and Russia.

Murata rebuffed criticism that the Self-Defense Forces (SDF) was slow in response to the great Hanshin earthquake on Jan. 17, saying the dispatch of emergency troops had not been delayed.

"In contrast to police and firefighters, the SDF is not stationed in every region and act only after receiving information from municipalities," Murata said.

Murata also said that then Deputy Chief Cabinet Secretary Nobuo Ishihara telephoned the Defense Agency around 2 p.m. Jan. 17, urging SDF troops to be sent for rescue operations.

Murata recalled that he had replied to Ishihara that SDF troops had already been dispatched after contacting municipalities. Ishihara acknowledged this and did not request additional dispatches, he said.

Murata said joint drills with local governments in preparation for natural disasters are necessary, and the relevant law concerning the dispatch of the SDF should be reviewed to enable a quicker, smoother response.

The quake, Japan's worst in 72 years, occurred before dawn and some critics say the casualties of over 5,500 would have been reduced if the government had ordered the Defense Agency to send SDF troops more quickly.

Vice Minister Interviewed on Defense Program

OW2804130495 Tokyo SANKEI SHIMBUN in Japanese 26 Apr 95 Morning Edition p 2

[Interview with Defense Vice Minister Naoaki Murata by Satoshi Sakakibara; date and place not given; first paragraph is SANKEI SHIMBUN introduction]

[FBIS Translated Text] Naoaki Murata, who took office as defense vice minister on 21 April, granted an interview on 25 April to SANKEI SHIMBUN and other press groups. In connection with the review of the National Defense Program Outline, a guideline for improving defense capabilities, Murata hinted at the possibility of implementing a quantitative reduction, in particular, a review of the number of Self-Defense Forces [SDF] personnel. At the same time, he expressed his confidence that SDF cooperation in relief operations during the great Hanshin earthquake and sarin attacks has deepened people's understanding of it.

[Sakakibara] The Murayama administration urges arms reduction. The present situation surrounding the Defense Agency [DA] seems to be tough. Please tell us your aspirations.

[Murata] Although the Murayama administration urges arms reduction, [the administration and DA] have reached a consensus on security and defense issues. Under the so-called post-1955 political order [in which the Liberal Democratic Party ruled, dominating politics] situation, only one side asserted policies, while the other did nothing but oppose them. Lately, the present administration and the DA have formed common views, which are close to those of the government in the past, though they hold different views about specific issues. In one sense, it is very convenient for the DA to work with them.

[Sakakibara] Do you think that people have begun to have a different view about the SDF after it cooperated in disaster relief operations for the recent earthquake and in the investigation of the religious cult Aum Shinrikyo's alleged involvement in fatal gas attacks?

[Murata] I do not think we failed to respond quickly to the great Hanshin-Awaji earthquake. However, it cannot be said that our handling was perfect. We must review many things, such as liaison with the police and fire fighting organs. People have expressed their gratitude for the SDF personnel's activities, and have showed their growing expectations for them. In the sarin case, the knowledge of chemical defense, which the SDF has accumulated, was utilized as the definitive ground. Without the knowledge, the gassing case would not have been dealt with properly. We believe people's understanding of the SDF has deepened.

[Sakakibara] What is the policy of the New National Defense Program Outline, which is now being prepared?

[Murata] By the end of this year, we plan to formulate the new program replacing the present one. At the same time, in an effort to implement this program, we also intend to devise a plan to improve defense capabilities. Efforts should be made to adequately build up the SDF so that its capabilities will become perfect from the functional viewpoint rather than the quantitative viewpoint.

[Sakakibara] Although the Cold War ended, a state of tension still exists in Asia, such as the strained situation on the Korean peninsula and China's military expansion. Is it not difficult to reduce SDF personnel?

[Murata] We will pay utmost attention to North Korea's (DPRK) military forces and their moves in the future. China has increased its military expenses by about 20 percent. However, the increased funds seem to have been spent on modernizing its military forces rather than military expansion. In contrast, Russia has slackened its pace of modernization. The infrastructural defense capability (which has been improved under the present defense outline), has improved in terms of quantity since around 1980 or 1981. We aim to improve the quality of our defense capability hereafter.

[Sakakibara] What do you think about the redefinition of the Japan-U.S. Security Treaty?

[Murata] The United States is extremely positive about this question. Redefinition means reviewing each other's roles. In considering the bilateral security pact in the past, Japan attached attention to national defense, while the United States emphasized Japan's national defense with an eye to confrontation with the USSR. Even after the end of the Cold War, Japan's national defense still needs to rely on U.S. Armed Forces, including its nuclear arms. However, at the same time, it is important that the two countries cooperate with each other in UN peacekeeping operations, while considering what kind of roles they should assume in the international community. Although Japan is allowed to make nonmilitary contributions only, we want to deal with this question in cooperation with the Foreign Affairs Ministry.

MSDF To Purchase New-Type Harrier Fighters

OW0105093795 Tokyo TOKYO SHIMBUN in Japanese 28 Apr 95 Morning Edition p 1

[FBIS Translated Text] On 27 April, the Maritime Staff Office of the Defense Agency decided to purchase "Harrier-2 plus," vertical takeoff and landing fighter jets developed jointly by the United States and Britain, under the next defense buildup plan that will begin in 1996. Originally, the fighter jets were designed to be carried by light aircraft carriers, but the Maritime Self-Defense Force [MSDF] plans to use them to support aircraft for fleet air- defense training by making supply ships transport them. The Harrier-2 plus purchase and the construction of a large-type transport ship, taken as the first stage in developing an aircraft carrier, are seen as the first step Japan is taking to possess aircraft carriers. It is certain the Harrier-2 plus purchase and construction of the transport ship will trigger controversy at home and abroad.

The Harrier-2 plus is a single-seat fighter jet with a unique function that makes it possible for the aircraft to take off and land vertically like helicopter. The Harrier-2 plus can be carried on an aircraft carrier, and the Marine

Corps and Navies of the United States and Britain have put them into service. The MSDF is examining the possibility of purchasing about five Harrier-2 plus fighter jets for use in assisting the air-defense capabilities of escort ships. According to a source familiar with the Maritime Staff Office, multi-purpose U-36 aircraft currently play the role of hostile aircraft when escort ships conduct air-defense training. The number of Aegis escort ships, which have superb air-defense capabilities, will be increased to four during the next defense buildup plan, thereby drastically increasing the need for air-defense training. For this reason, the idea surfaced within MSDF to purchase support aircraft for air-defense training.

Nonetheless, Harriers are designed for air-to-ground and air-to-ship attack. In testimony to the Diet, the Defense Agency has not ruled out the possibility that Japan will posses aircraft carriers, saying: "Japan can posses defense-type aircraft carriers." For this reason, the purchase of the Harrier-2 plus is taken as the first step toward Japan's future possession of aircraft carriers.

The large-type transport ship with a displacement of 8,900 tons is under construction for the MSDF, and the ship, to be equipped with a flight deck and hanger elevators, is to be commissioned in 1997. "Jane's Naval Yearbook," a British military publication, has commented on the construction of the large-type transport ship as the "development stage toward building aircraft carriers." With the availability of the large-type transport ship and the Harrier-2 plus, the MSDF has the "aircraft-carrier capability" to attack warships and military bases. Asian nations are likely to voice wariness, saying: "Japan intends to have the capability to project its military power onto other Asian nations."

LDP Moves Toward New Policy Groups

OW2904131195 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Apr 95 Morning Edition p 2

[Unattributed article]

[FBIS Translated Text] Active moves toward the revival of old factions and the formation of new policy groups have recently been observed within the Liberal Democratic Party [LDP]. Underlying this is a complicated political situation created by discord between pro- and anti-Kono groups over the next party presidential election to eye "the post-Murayama era," the generation gap between veteran and junior LDP dietmen, and political ambition held by dietmembers to "obtain their stronghold" within the party. What is noteworthy is that some LDP members have formed groups overstepping the existing framework of old factions. Keeping the current political situation in mind, each group is now busy preparing for political bargaining which is expected to intensify soon after the Golden Week holidays [29 April to 5 May].

"Others are united, but we are divided. It does not concern me much because I am retiring. But I want younger members to take the situation seriously." At a meeting held by the former Watanabe faction at the LDP headquarters on the morning of 26 April—about two months after the last meeting—former Vice President Michio Watanabe stressed the importance of party unity and decided to hold a "liaison meeting" once a week after the Golden Week holidays.

Among five LDP factions which were disbanded in December 1994, Mitsuzuka, Miyazawa, Watanabe, and Komoto factions one after another "turned" themselves into study groups. Following this, the last Obuchi faction finally decided to resume its activities as a study group after the Golden Week holidays.

The reason for reviving the former factions is: "If we stay apart, we do not even have a place to speak up. But if we unite, that means power," (as stated by Masaaki Nakayama, former secretary general of the Watanabe faction). Although those factions lost financial strength to grant "the Obon festival and the year-end" bonus to their members, they seem to think that the faction can be still used as an arena for appealing their demands to the leadership regarding policy decisions and operations.

One of the new supra-factional groups to be formed soon after the Golden Week holidays is "Taisho-kai" (tentative), led by former Secretary General Seiroku Kajiyama and former Foreign Minister Taro Nakayama, who keep their distance from the party leadership centered on President Yohei Kono. Another is called the "Group To Discuss the Posture of New Politics" (tentative), led by Fukushiro Nukaga, Hosei Norota, and Fumio Kyuma.

What motivated the formation of Taisho-kai is a political design to counter the "New Century Group," a policy group led by the so- called YKK trio, Diet Affairs Committee Chairman Taku Yamazaki, Policy Research Council Chairman Koichi Kato, and Junichiro Koizumi, former post and telecommunications minister. Taisho-kai aims to hold the power shift move advocated by New Century Group in check. The discussion group led by Fukushiro and others are considering forming an alliance with the Kajiyama policy group.

Meanwhile, General Council Chairman Kabun Muto formed a pro-Kono policy group called "New Future Study Council" [Shin Mirai Kenkyu- kai]. Former Finance Minister Yoshiro Hayashi of the former Miyazawa faction; Shigeru Kasuya, national organization committee chairman; Hisao Horiuchi, director general of the election bureau; and other LDP members supporting Kono met at a Tokyo restaurant on the evening of 26 April. They decided to start a study group represented by Hayashi after the Golden Week holidays.

On the same night, "Kayu-kai," formed by Vice President Keizo Obuchi, Seiroku Kajiyama, and other veteran LDP dietmen, also held a meeting in Tokyo to exchange opinions regarding the future political situation. As such, intraparty discord among the LDP groups over Kono's reelection seems ready to intensify soon.

Hata Interviewed on NFP's Future Strategy

OW2804122795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Apr 95 Morning Edition p 2

[Interview with Tsutomu Hata, vice president of the New Frontier Party, by unidentified NIHON KEIZAI SHIMBUN reporter; place and date not given]

[FBIS Translated Text] [NIHON KEIZAI SHIMBUN] What do you think about the results of the first half of the unified local elections?

[Hata] It was truly regrettable that we failed to field our own candidate in the Tokyo gubernatorial election. The New Frontier Party [NFP] recommended a candidate (Mr. Takuya Hirano who was defeated) for the Osaka gubernatorial election. However, voters rejected him before they came to know his good personality, because of the fact he was a joint candidate of the ruling and opposition parties. The voters probably had the impression that the political parties had conducted behind-the-scenes negotiations.

Responsibility for "Voters With No Party Affiliation"

[NIHON KEIZAI SHIMBUN] What is your comment on the fact that the NFP failed to boost its popularity through campaigns for the party, and as a result, could not win unattached voters' support?

[Hata] We think the NFP fought well in the gubernatorial election. We highly evaluate the results of the local assembly elections, in which our party increased the number of seats. However, we, as a new political party, are responsible for failing to draw neutral voters' interest.

[NIHON KEIZAI SHIMBUN] What do you think about the opinion that the growth in the number of neutral voters reflects the people's disappointment with the Hosokawa and Hata administrations?

[Hata] If people were disappointed with the two administrations after they had served their full terms of office, we would have nothing to say. In actuality, the two administrations were short-lived, and they failed to achieve political reform. It is regrettable if their failure made people think "there were no great changes in politics after all." In the former coalition days, the Social Democratic Party [SDPJ] did not understand the significance of power. If political parties thoroughly discuss their policies, they sometimes split up. This is why the former coalition broke up. However, I think it is a mark of great progress that the SDPJ has largely changed its policies to cooperate with us.

Party's Official Candidates Should Be Decided at an Early Date

[NIHON KEIZAI SHIMBUN] Why does the NFP's support rate remain low?

[Hata] As several parties with different backgrounds united with each other to form a new party, it will take a certain time before they form clear-cut policies. Our organizations for daily activities are insufficient, and the selection of candidates for the single-seat constituencies is still underway. Thus, party members do not yet have enough sense of party loyalty.

[NIHON KEIZAI SHIMBUN] How do you settle those problems before the House of Councillors elections scheduled for July?

[Hata] It is important to formulate policies that are easy to understand. At the same time, efforts should be made to decide the party's official candidates as soon as possible to establish general branches. In other words, there is no other way but to make constant efforts in our daily activities. Through such endeavors, we can present to people the differences between the NFP and existing political parties. Political campaigns have, so far, been done by individual support groups of Diet members. But hereafter, if the party itself gets involved in the campaigns and extends them to the level of towns and villages, the public will probably come to have a different feeling about the party.

[NIHON KEIZAI SHIMBUN] The fact the NFP has incorporated the former Komeito into it has been questioned by some people. What do you think about this?

[Hata] That is the problem we must resolve. In the days of the former ruling coalition cabinet, (the former Komeito) came under torrential criticism for its peculiarities. Although they have faith in their own religion, former Komeito members, as Dietmen, abide by the creed of separation of religion and state. There are various opinions in the transitional period. We should do our utmost to obtain people's understanding.

Reform Before Equilibrium

[NIHON KEIZAI SHIMBUN] As policy differences between the NFP and Liberal Democratic Party [LDP] are slight, it is hard for the public to distinguish between them. The idea of forming a conservative-conservative coalition has surfaced within the NFP. Please tell us your views on this.

[Hata] In the NFP, there are some groups who seceded from the LDP because they could not accept the LDP's decision to scrap its own political reform bills. They did not leave the LDP because they held different views on basic policy. Therefore, we cannot deny that there are some party members who take views and actions that are similar to those of the LDP. In the United States, for example, we could not conclude individual congressmen's stand on each issue simply by their title, Democrat or Republican. Thus, it is important to show, from an overall viewpoint, differences with the LDP in precedence of political issues.

[NIHON KEIZAI SHIMBUN] Some NFP members are seeking to realign political circles before the general election that will be conducted under the new electoral system. What do you think about this?

[Hata] In election campaigns, people can clearly see the political parties' stands. Making behind-the-scenes moves without conducting elections can be interpreted as a compromise to power. In this case, priority is given to sheer force of numbers over policies. However, conclusions should be made strictly through elections. Achieving reform is more important than seeking a temporary equilibrium. If we compromise to secure an easy balance, such stability will not last long. If we are occupied with protecting our interests under the name of equilibrium, no progress will be made.

[NIHON KEIZAI SHIMBUN] What do you think of NFP Secretary General Ichiro Ozawa, the symbol of your party?

[Hata] He should appear before the public as much as possible, and speak to them. During the Iwate gubernatorial election campaign, he made speeches on the streets. He can draw people's attention by doing so. In democratic society, it is important to speak to as many people as possible.

Funada Comments on NFP, Criticizes Leadership

OW3004115895 Tokyo YOMIURI SHIMBUN in Japanese 29 Apr 95 Morning Edition p 3

[FBIS Translated Text] In an interview in the 2 May edition of the monthly GENDAI, Hajime Funada, who is affiliated with the main opposition New Frontier party [NFP] and former director general of the Economic Planning Agency, commented on the present situation in the NFP and criticized the NFP leadership by saying, "The NFP is increasingly under the thumb of senior politicians." In the interview, he also said, "I do not hesitate to take action" to regroup the established political parties on the premise of their policy consensus. This was learned on 28 April.

Commenting on political reforms centering on the reform of the electoral system, Funada pointed out: "After all, political reforms were a fever. In conclusion, the political reforms have produced nothing." Referring to the NFP's basic policies, Funada expressed his discontent with the NFP leadership and then said: "I cannot understand at all what the basic policies aim for. They are all-round [sobana]." He also stressed that the NFP should reform itself and transform itself into a party which allows a free exchange of opinions.

In the interview, Funada said: "If a consensus cannot be shaped within the NFP and if I find areas of agreement with some legislators of the ruling Liberal Democratic Party and the ruling Social Democratic Party of Japan, I would be rather break away from the NFP in search of a consensus with them." In this way, he hinted at the possibility that he will move to form a new party.

SDPJ 'Rebel' Group Drops Bid for New Party

OW2704131295 Tokyo KYODO in English 1235 GMT 27 Apr 95

[FBIS Transcribed Text] Tokyo, April 27 KYODO—The leader of a group of dissidents in Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) [SDPJ—Social Democratic Party of Japan] said Thursday [27 April] the rebels are disbanding a committee set up to prepare for the establishment of a new party because of changes in the political landscape.

Sadao Yamahana, head of the New Democratic League, told a news conference he returned to group members earlier in the day letters of resignation he had collected before in an initial step toward forming a new party.

The league's 24 members established the committee in January together with six non-SDP lawmakers to muster support from "liberals and democrats" and set up a new party before July's House of Councillors election.

But the move has lost momentum since the Jan. 17 earthquake in western Japan forced the dissidents to stop preparations to leave the party in favor of relief operations following the disaster, which killed more than 5,500 people.

It has been given a critical blow by recent decisions by major labor unions, including one of postal ministry workers, to switch their support from the separatist group to the SDP leadership which is pushing its own plan to dissolve the party and form a new one.

The SDP decided earlier Thursday to hold a special party convention May 27 to discuss the plan.

SDPJ Rebel Group Leader To Quit Party

OW2804142495 Tokyo KYODO in English 1406 GMT 28 Apr 95

[FBIS Transcribed Text] Tokyo, April 28 KYODO—The leader of a rebel group within Prime Minister Tomiichi Murayama's Social Democratic Party [SDPJ—Social Democratic Party of Japan] said Friday [28 April] he will quit the party after the "Golden Week" holidays from Saturday through the first week of May.

Former SDP Chairman Sadao Yamahana told the members of his rebel group and labor union leaders supporting him that his decision was due to his failure to change the SDP into a new democratic party before the July House of Councillors election, group members said.

Yamahana will be the first ex-SDP chairman to leave the party. Some SDP members loyal to Yamahana are expected to follow suit.

Yamahana has been trying to create a new party to replace the SDP before the upper house poll, but the SDP's policy-steering panel has decided to seek to create such a party after the election.

North Korea

U.S. Conducted 190 Acts of 'Aerial Espionage'

SK3004081595 Pyongyang KCNA in English 0812 GMT 30 Apr 95

["Aerial Espionage on 190 Occasions"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA)—An "RC- 135" strategic reconnaissance plane and an "E-3" early warning plane from an overseas base on April 28 carried out an electronic and filming espionage in the sky along the Military Demarcation Line (MDL), military sources said.

On April 27, two "U-2" high-altitude strategic reconnaissance planes made a long-time shuttle flight ranging from the sky above the Korean West Sea [Yellow Sea] to the sky above the Korean East Sea [sea of Japan] for filming of and electronic reconnaissance on the major objects in the in-depth area of the North.

Espionage by the "U-2" totals more than 30 occasions in April alone.

Around 190 occasions of aerial espionage were made by the U.S. imperialists against the northern half of Korea in April.

U.S. Side 'Refusing To Repatriate POW's'

SK0105135195 Pyongyang KCNA in English 0938 GMT 1 May 95

[FBIS Transcribed Text] Pyongyang, May 1 (KCNA)—Eldest daughter Kim Hwa-sim, second daughter Kim Chong-sim and younger sister Kim Pong-son of Kim In-so, an unconverted long-term prisoner in South Korea, met with home and foreign reporters here April 30.

They said old men Kim In-so, Ham Se-hwan and Kim Yong-tae voluntarily joined the People's Army or went to South Korea with the People's Army in the period of the Korean war to defend the country and were taken prisoners by the belligerent party, while being active at guerrilla units, unable to come back during the days of the strategic retreat. They stressed that the POWs should have been sent back to their hometowns according to the 51st Paragraph of the Article 3 of the Korean Armistice Agreement when POWs were exchanged.

Nevertheless, the speakers said, they had been kept behind bars in South Korea for many years as victims of the fascist law, "National Security Law", refusing to be converted and still after they were released, they have been kept in South Korea, not being sent back to their hometowns in the North, contrary to humanitarianism and international law.

They noted that the South Korean authorities have persistently refused the repatriation of the unconverted long-term prisoners, afraid that their inhumane crimes may be exposed fully and in the hope of aggravating North-South confrontation by abusing the matter of human rights politically.

They said the U.S. Government is also held responsible for this matter.

They pointed out that the government of the Democratic People's Republic of Korea sent back all the POWs as required by the Armistice Agreement and has returned even remains of GIs who died in the Korean war, but the U.S. side is still refusing to repatriate POWs who are alive.

Recalling that the U.S. side promised to cooperate for the repatriation of the unconverted long-term prisoners late last year at the DPRK-U.S. talks concerning the repatriation of a U.S. military helicopter pilot who had been held prisoner when he illegally intruded into the airspace of the DPRK, they said that though several months have passed since then, there has been no news about this.

Saying that if the U.S. Government breaks its promise, it will fail to win confidence of the world people, they expressed the hope that the U.S. will keep its promise.

ROK Incites 'War Atmosphere' in DMZ 27 Apr

SK2904050495 Pyongyang KCNA in English 0452 GMT 29 Apr 95

["Grave Military Provocations in DMZ"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 29 (KCNA)—The South Korean puppets sent armed bandits to the southern area of the Demilitarized Zone (DMZ) in the eastern sector of the front through an emergency mobilisation on April 27, according to military sources.

The armed bandits occupied the combat positions and levelled heavy and automatic weapons at soldiers of the Korean People's Army, threatening their safety.

More than 1,000 bandits armed with machine guns and automatic rifles incited a war atmosphere at the MP posts in the southern portion of the central, western and eastern sectors of the front and burned more than 100 hectares of forests in the north side area with a fire-attack tactics.

Daily Denounces ROK 'Shelter-Taking Exercises'

SK2904052995 Pyongyang KCNA in English 0505 GMT 29 Apr 95

["Ill-Intentioned Act Inciting Confrontation"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 29 (KCNA)—The Kim Yong-sam group is these days staging "shelter-taking exercises" in connection with the poisonous gas case in neighbouring countries in an attempt to mislead public opinion to North-South confrontation under the pretext of "coping with the chemical attack from the North".

Commenting on this, a news analyst of NODONG SINMUN today says:

Very ill-natured are the South Korean puppets who incite North- South confrontation, linking any occurrences to the North in a far- fetched way.

The on-goings prove once again that Kim Yong-sam's is a group of traitors and rascals who unhesitatingly employ any means and methods to foster distrust and confrontation between the North and the South and render the inter-Korean relations more aggravated.

Clamouring about "chemical attack" and "terrorism by poisonous gas" from the North does not become the Kim Yong-sam group. It is because the South Korean puppets are the real poisonous gas terrorists and chemical criminals.

This is borne out by the fact that the South Korean puppets have long since staged "chemical, biological and radioactive drills", developed chemical weapons on a large scale, imported much poisonous gas from other countries and cracked down upon the just struggle of the South Korean people with tear-gas canisters.

ROK Radio Report on Taegu Explosion Cited

SK2904090595 Pyongyang Korean Central Broadcasting Network in Korean 0800 GMT 29 Apr 95

[FBIS Translated Text] According to a radio report from Seoul, a large gas explosion took place at a subway construction site in front of Yongnam High School in the Talso District of Taegu around 0750 on 28 April [2250 GMT on 27 April]. According to a preliminary report, the accident claimed 83 lives and left 182 others wounded.

A 200-meter section of the subway collapsed, more than 80 vehicles were damaged, and 30 neighboring buildings were completely broken up or destroyed, thus turning the site of the accident into a scene of carnage.

Those who witnessed the accident said when the explosion occurred at the construction site, iron plates flew as high as 50 meters, accompanied by pillars of fire.

Reporting this, the radio said that casualties are expected to increase since the accident occurred during rush hour.

More Reports on International Sports Fesitval

Foreigners Continue To Arrive

SK2804051295 Pyongyang KCNA in English 0433 GMT 28 Apr 95

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—Guests of honor, tourist groups and reporters have come here continuously for the Pyongyang International Sports and Cultural Festival for Peace.

Guests of honor from the General Association of Korean Residents in Japan (Chongnyon), tourist groups from China, Russia, Japan, Britain, Australia and Hong Kong, Korean residents in the United States, Brazil and Greece and news media reporters of Japan, the United States and Germany arrived here on Thursday.

Director of a department of the Association of Korean Businessmen in China of the National Alliance for the Country's Reunification Choe Un-pok, who has been invited to the festival as a guest of honor, and the 10th tourist group of Japan arrived here Wednesday.

Tourists Visit Kim Il-song Statue

SK2804051195 Pyongyang KCNA in English 0424 GMT 28 Apr 95

[All names as received]

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—Guests of honor and tourist groups who came here to see the Pyongyang International Sports and Cultural Festival for Peace called at the statue of the great leader President Kim Il-song on Mansu Hill, Pyongyang, and paid homage to him.

A Chinese delegation led by representative of the National People's Congress of China and Vice-president of the Overseas Chinese Committee Liu Zhenhua, Director of Dandong Tourism Bureau of China Wang Jun and his companions, who have been invited to the festival as guests of honor, tourist groups from China, Japan and Hong Kong and a tourist group of Korean residents in the U.S. laid floral baskets and bouquets before the statue of President Kim Il-song and made a bow in deep reverence on Thursday.

Kim Yong-sun Meets With Guests

SK2804000095 Pyongyang KCNA in English 1522 GMT 27 Apr 95

[FBIS Transcribed Text] Pyongyang, April 27 (KCNA)—Kim Yong-sun, chairman of the Korean Asia-Pacific Peace Committee (KAPPC), met with president of the New Japan Pro-wrestling Co. Kanji Inoki, who is leader of the Sports Peace Party and member of the House of Councillors of Japan, and his entourage, and Muhammad Ali and his companions from the United States who are guests of honor invited to the Pyongyang International Sports and Cultural Festival for Peace, today when they paid a courtesy call on him at the Mongnan House.

He conversed with the guests in a friendly atmosphere.

Present on the occasion were KAPPC Vice-chairmen Yi Chong-hyok and Chon Kum-chol, and vice-chairman of the State Physical Culture and Sports Commission Kim

Kwan-chol, who is director of the secretariat of the state preparatory committee for the festival.

Pakistan Delegation Arrives

SK3004082895 Pyongyang KCNA in English 0818 GMT 30 Apr 95

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA)—Zafar Bakhtawari [spelling of name as received], chairman of the Pakistan Cultural Forum and chairman of the Pakistan-Korea Friendship Association, arrived here on April 28.

Muhammad Ali Said Guest of Honor

SK3004082695 Pyongyang KCNA in English 0820 GMT 30 Apr 95

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA)—The great leader Comrade Kim Chong-il received a gift from a former world pro-boxing champion.

It was conveyed to Kim Yong-sun, chairman of the Korean Asia-Pacific Peace Committee, by Muhammad Ali, a former world pro-boxing champion of the United States who is guest of honor at the Pyongyang International Sports and Cultural Festival for Peace.

Folk Games Held During Festival

SK3004084995 Pyongyang KCNA in English 0843 GMT 30 Apr 95

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA)—Folk games took place today within the framework of "Day of Korea" of the Pyongyang International Sports and Cultural Festival for Peace.

Kim Kwan-chol, director of the Secretariat of the State Preparatory Committee for the Pyongyang International Sports and Cultural Festival for Peace, Kanji Inoki, leader of the Japan Sports Peace Party, member of the House of Councillors and president of the New Japan Pro-Wrestling Co., participants in the festival, foreign guests of honor and tourists and overseas Koreans saw folk games of the Korean nation on the Taesongsan Recreation Ground in Pyongyang with pleasure.

Mt. Taesong, the site of the old wall, together with Pyongyang, has a long history. There are many historical relics including the Kwangbop Temple of Buddhism dating back to the period of the Koguryo Dynasty (277 B.C.-668 A.D.)

It is known to be one of "eight scenic spots of Pyongyang."

Arranged in a wide space in front of the South gate of Mt. Taesong, the ground of the folk games was crowded with the participants in the festival and working people in the city.

Amid the blowing of horn bugles and the distant sound of a bell, columns of people clad in uniforms of warriors of Koguryo, which was a prosperous power in the east, and in traditional Korean costumes entered the ground of the folk games, drawing deep interest of the spectators.

Then, folk games were played on the ground.

Girls in gorgeous national costumes danced national dances to the tune and melody of national music.

Sword-forging, fencing, taekwondo, archery and departure for battlefields against foreign invaders by warriors in Koguryo costumes well showed the valour, resourcefulness and patriotism of the then Korean nation, leaving deep impressions on the spectators.

"Pongsan Masquerade" satirising the exploitive nature of the feudal bureaucrats was also given.

Then came the contests of strength and talents between neighbouring villagers which were widely played in the period of Koguryo.

Korean wrestling matches of men and swinging, seesawing and yut games of women and tug-of-war games were played. Through these games, the ancestors promoted harmony with neighbours. Then, a ceremony showing the wedding customs of the Korean nation was played.

As a dance began to congratulate couples on their marriage bond, the guests also joined in the dancing.

The guests went round the handicraft articles manufacturing places and expositions and tasted peculiar food of Korea at national restaurants.

They will take part in the May Day evening of Pyongyang citizens at Kim Il-song Square today.

Japan 'Collection of Information' on Army Decried

SK2904052195 Pyongyang KCNA in English 0458 GMT 29 Apr 95

["Japanese Reactionaries' Dangerous Anti-DPRK Move"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—The chairman of the Joint Chiefs of Staff of Japan's Defence Agency, Tetsuya Nishimoto, on April 27 drivelled reportedly that the Defence Agency is invigorating the collection of information on the Army of North Korea in connection with the breakdown of the DPRK-U.S. negotiations on light water reactor supply issue.

Crying for the "security" of Japan, he said the secretariat of the Joint Chiefs of Staff is putting spurs to preparations for collection and analysis of information and is in close touch with the U.S. Army.

The Japanese military's act of intentionally creating an atmosphere of military confrontation against the DPRK, following the breakdown of the DPRK-U.S. negotiations on light water reactor supply issue, is a very undesirable act leading the situation to a critical phase.

This shows that the Japanese reactionaries are invariably seeking the dishonest bid to stifle the DPRK with strength and fish in troubled waters by driving the situation of the Korean peninsula to an extreme pitch of strain with the United States.

But, if an extreme situation comes on the Korean peninsula, Japan will get nothing good from it.

Japan must act with discretion.

Trade Union Delegation Departs for China, India

SK2404110395 Pyongyang KCNA in English 1043 GMT 24 Apr 95

[FBIS Transcribed Text] Pyongyang, April 24 (KCNA)—A delegation of the General Federation of Trade Unions of Korea (GFTUK) headed by Yi Chin-su, vice-chairman of the Central Committee of the GFTUK, left here today to visit China and India.

Kim Yong-nam Delegation Returns From Indonesia

SK3004081095 Pyongyang KCNA in English 0805 GMT 30 Apr 95

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA)—A delegation of the Democratic People's Republic of Korea led by Vice-Premier and Foreign Minister Kim Yong-nam who participated in the meeting of foreign ministers of the Coordinating Bureau of the non-aligned countries which was held in Bandung, Indonesia, and celebrations of the 40th anniversary of the Bandung Conference, came back home on April 29.

Premier Sends Greetings to FRY Counterpart

SK2804055395 Pyongyang KCNA in English 0459 GMT 28 Apr 95

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA)—Kang Song-san, premier of the Administration Council, sent a message of greetings to his Yugoslav counterpart Radoje Kontic on the occasion of the day of the proclamation of the Constitution of the Federal Republic of Yugoslavia.

The message expressed the belief that the friendly relations between the two countries will continue developing on good terms in the interests of the two peoples.

On this occasion, Foreign Minister Kim Yong-nam sent a message of greetings to Foreign Minister Vladislav Jovanovic.

Activities Celebrating 105th May Day Reported

Leaders Attend Report Meeting

SK3004090795 Pyongyang KCNA in English 0901 GMT 30 Apr 95

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA)—A national meeting was held here today to commemorate the 105th May Day, the international holiday of the working class of the whole world.

Placed on the platform was a portrait of the great leader Comrade Kim Il-song.

Attending the meeting were premier Kang Song-san, vice-president Yi Chong-ok and Vice-Premier Kim Yong-nam who are Politburo members of the Central Committee of the Workers' Party of Korea [WPK], and other senior party and government officials, workers and people of other strata.

The participants in the meeting observed a moment's silence in memory of the great leader President Kim Il-song, who wisely led the revolutionary struggle of our working class to a brilliant victory and performed undying feats for the accomplishment of the cause of socialism and communism and the cause of global independence.

Han Song-yong, Politburo member and secretary of the WPK Central Committee, delivered a report at the meeting.

He said the history of more than one hundred years after the working people celebrated the may day as a holiday of the unity and struggle of the international working class, singing "The Song of May Day" in protest against exploitation and oppression is that of proud victory and noble struggle in which the working class and people of all countries around the world dynamically fought against the reactionaries of history and for freedom and liberation and an independent, new life, under the uplifted banner of unity.

He quoted the great leader Comrade Kim Il-song as saying:

"Unity is the mightiest weapon of the working class. Since its first days in the arena of history, the working class has always regarded unity as its most precious weapon in the struggle against international capital, and on the strength of unity it has won formidable struggles."

The reporter said the protracted and sanguinary struggle of the international working class and laboring masses for independence has put a period to the outdated era in which domination and subjugation, exploitation and oppression held sway and inaugurated a new era of history, the era of independence.

He continued:

The revolutionary cause of the working class is now undergoing temporary turns and twists consequent upon the abnormal situation in which socialism has suffered setback in some countries owing to the anti-socialist offensive of the imperialists and perfidies of renegades and capitulationists who raised their heads in the socialist movement in recent years. However, socialism, an ideal of the popular masses, will win in the long run. This is an irresistible law of the development of history.

With the great leader Comrade Kim Il-song as the centre of unity and of leadership our working class embarked upon a new road of struggle, firmly united into an organised force with a correct line of struggle.

The revolutionary cause of the working class is the cause of the leader; it is a historic cause that is inherited generation after generation. The revolutionary cause of chuche of Comrade Kim Il- song is brilliantly being carried forward and developed without the slightest deviation in our country with the great leader Comrade Kim Chong-il who is possessed of literary and military accomplishments and loyalty and filial piety as the supreme leader of the party, the state and the Army.

With the great Comrade Kim Chong-il, the greatest of great men and the most brilliant general, at the head of the revolution our working class and people have been able to make progress in politics, the economy, culture, national defence and all other domains our own way with the faith of chuche, so that our country has demonstrated its might as an ideological power and a political power envied by the world and a powerful country that imperialist allied forces cannot easily provoke.

The present situation requires our people not to harbour an iota of illusion about someone and conduct a resolute struggle to defend Korean-style socialism, maintaining a firm chuche-based stand. The entire working class should get united close around respected General Kim Chong-il and uphold the party and the leader with faith and sense of obligation and become loyal subjects and rifles and bombs to defend them resolutely.

The ill-boding military provocations of the U.S. bellicose quarters and the South Korean puppets are rendering the situation on the Korean peninsula strained. We should sharpen the revolutionary vigilance as never before to cope with the prevailing situation, fill the whole society with the revolutionary spirit of giving priority to the military affairs, build up the all-people, national defence system and fully demonstrate the might of the spirit of Army-people unity.

Turning to the question of national reunification, the reporter said:

We should push ahead with a nationwide reunification march under the banner of the three principles of independence, peaceful reunification and great national unity and the 10-Point Programme of the Great Unity of the Whole Nation, the common programmes of the nation for reunification, and thus realise the behests of Comrade Kim Il-song and the historical cherished desire of the 70 million fellow countrymen, by realizing the reunification in the 90s without fail.

The South Korean workers should turn out in a more courageous struggle to remove the Kim Yong-sam group, a herd of heinous flunkeyist traitors, in firm unity around independent, democratic trade unions and in solidarity with the students and people of other strata, build a new world independent and democratic, on the land of South Korea and accomplish the cause of national reunification without fail.

"Let the world people advocating independence unite!" This is an internationalist slogan of our times, he said, and called upon the working class of all countries to advance along the road of socialism to the end under the uplifted banner of independence.

He further said:

Our working class will as ever make all efforts to strengthen internationalist friendship and unity with the working class of all countries around the world and discharge with credit its noble mission it assumes for the times and history, under the idea of independence, peace and friendship.

The meeting adopted appeals to the workers of the whole world and to those of South Korea.

WPK Secretary Delivers Report

SK3004141195 Pyongyang Korean Central Broadcasting Network in Korean 0203 GMT 30 Apr 95

[Report by Han Song-yong, member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee, at the central report meeting marking the 105th anniversary of May Day at the People's Palace of Culture in Pyongyang—live]

[FBIS Translated Text] Comrades: Today, we are meaningfully marking the 105th anniversary of May Day, the international holiday of the workers around the world, at a time when the working people across the country are vigorously waging the general onward movement of socialism by holding aloft the great party's leadership, overflowing with optimism and confidence in victory.

On this day, upon authorization, I warmly congratulate the entire working class and working people—who are striving hard for the development and enrichment of our country and our fatherland, and observing May Day with brilliant labor success. [applause]

I extend warm compatriot greetings to the workers and people of different strata in South Korea, who are fighting courageously for antifascist democratization, the reunification of the fatherland, and the right to live. I also offer warm compatriot greetings to 0.7 million fellow countrymen in Japan and all other fellow countrymen abroad, who are retaining the nation's sovereignty and honor and are vigorously waging the patriotic struggle for the prosperity and enrichment of the socialist fatherland and for the reunification of the country. [applause]

I, in the name of the Central Committee of the Workers Party of Korea [WPK] and the Korean working class, extend militant greetings and firm solidarity to the working class and working people around the world, who are fighting for independence, peace, and socialism while opposing all sorts of domination and subordination. [applause]

Comrades: Over a century of history has passed since the working popular masses, resisting the exploitation and suppression, began celebrating May Day as the working class' international holiday of unity and struggle.

This period has been a history of holy struggle and proud victory waged by the working class and people throughout the world that strenuously struggled against the history's reactionaries for freedom and liberation, and for the independent new life, holding aloft the banner of unity.

The great leader Comrade Kim Il-song taught: Unity is the mightiest weapon of the working class. Since its first days in the arena of history, the working class has always regarded unity as its most precious weapon in the struggle against international capital, and has won formidable struggles on the strength of unity.

The historic mission of the working class lies in building a new socialist and communist world in which the independence of humans can be fully realized. Thanks to the long and arduous struggles by the international working class and working popular masses to break the chains of capital and to realize independence, an old era which was dominated by domination and subordination has ended, and an independent era, a new era of history in which all nations and all countries can independently pioneer their destiny, has been unfolded.

Breaking the bulwark of capitalism and blazing the trail of socialism are the great changes achieved on the course of implementing the working class's revolutionary cause and the historic triumph achieved by the world's revolutionary people with blood. [applause]

The road to socialism is an untrodden road and a stern revolutionary road that must be advanced amid the acute confrontation and struggle against the imperialists.

Through the sanguinary struggle, the working class overthrew the capitalist system and established the socialist system. Ever since, they had to drive away the endless attacks and challenges by the imperialists and domestic reactionaries. In this process, unexpected twists and turns arose, and they had to experience heart-breaking sacrifices.

In particular, due to the antisocialist offensive by the imperialists and acts of betrayal by traitors and resistants who have appeared within the socialist movement, in recent years abnormal events have occurred in some countries in which socialism was frustrated. Thus, the result was the clouding of the appearance of socialism.

The imperialists and reactionaries babble about the end of socialism, citing the reality that socialism was frustrated in some countries; however, this is reactionary sophistry distorting the basic flow of history.

Today, the revolutionary cause of the working class is suffering temporary twists and turns. This is only a partial and abnormal phenomenon since the ultimate success of socialism, which is the popular masses' ideology, is an unpreventable principle in the development of history.

The history of the revolutionary struggle of the working class that suffered many twists and turns shows the socialist cause can be victoriously advanced only when the main force of the revolution is strengthened and the role of chuche is endlessly enhanced with a correct guiding ideology under the leadership of the outstanding leader.

By upholding the great leader Comrade Kim Il-song as the center of unity and the center of leadership, they were able to firmly unite with an organized force and a correct line of struggle, thus moving along the new road of struggle. [applause]

The respected and beloved leader Comrade Kim Il-song appeared early along the revolutionary road and created the great chuche idea; under this banner, he made the broad, working masses conscious and organized the working class as the core, providing a strong main force of the revolution. In accordance with the united strength of the popular masses, he led the difficult and complicated Korean revolution along the one road of victory.

Based on wholly and deeply analyzing our country's early labor movement—which suffered bitter pains due to flunkeyism, doctrinism, and the ideology of depending on outside forces, due to the limitations of the national liberation movement, and due to essential weak points—a main force was thoroughly established in the Korean revolution; the anti-Japanese patriotic nation of all classes, including the workers and farmers, was united under the anti-Japanese banner and was endlessly expanded; and for the first time the nation took part in the anti-Japanese war. Thus, the great leader achieved a brilliant victory in the long and arduous anti-Japanese revolutionary struggle, as well as achieving the historic cause of the fatherland's liberation. [applause]

After liberation, in the complicated environment in which a fierce class struggle was being waged between democracy and reactionaries, the great leader achieved the cause of founding the party, the country, and Army; through the might of the independent main force of the revolution, a democratic system of our own style—a system that never knew exploitation, pressure, poverty, and unemployment—was established in the northern half of the Republic. In addition, during the three-year, heated fatherland liberation war, the arrogant pride of the U.S. imperialists—the boss of world imperialism—was dampened, and the new era of anti-imperialist revolutionary struggle was opened. [applause]

Even during the difficult period following the war, the great leader firmly united all popular masses with one ideology, and based on its consolidated might, wisely led the socialist revolution and construction. As a result, he fully developed our country into a socialist power of independence, self-reliance, and self-defense in the shortest period. [applause]

Truly, the entire course of our revolution, in which our people effected a century of upturn by overcoming trials and difficulties and by travelling untrodden roads, is a history of brilliant achievement that has been victoriously advanced by the might of chuche, the independence of the revolution, under the outstanding leadership of the great leader Comrade Kim Il-song. [applause]

The revolutionary cause of the working class is the cause of the leader [suryong] as well as the historic cause to be inherited and consummated for generation after generation. To formally achieve this historic cause, we should correctly resolve the leadership succession.

At an earlier date, the great leader, with his foresight, penetrated deeply into the historic inevitability of the inheritance of the working class' revolutionary cause and devoted all efforts to strongly create the boundless asset for our revolution in order to brilliantly glorify the chuche revolutionary cause generation after generation.

Today, our country has brilliantly inherited and developed the chuche revolutionary cause pioneered by the fatherly leader, without the slightest deviation, by upholding the great leader [yongdoja] Comrade Kim Chong-il, who has both literary and military accomplishments and who is both loyal and filial, at the highest level of the party and the state. [applause]

The great leader Comrade Kim Chong-il is an extraordinary ideologist and theorist who has formalized the fatherly leader's revolutionary ideology with a monolithic system based on the chuche ideology, theory, and method and who has further glorified it as the complete guiding idea in the era of independence, by constantly and endlessly consolidating, enriching, and developing it. He is a genius of leadership who is leading the chuche socialist cause to brilliant victory under the banner of remolding the entire society after the chuche idea. Also, he is the benevolent father who makes it possible for our working class and people to fully enjoy their independent and creative life, embracing them in his bosom. [applause]

Upholding the great leader Comrade Kim Chong-il is the maximum fortune of our working class and people as well as the best glory that cannot be paralleled by anything in the world. [applause]

By upholding the great [widaehan] Comrade Kim Chong-il, the peerless great man and matchless and distinguished general, at the vanguard of the revolution, our working class and people have enabled our country to become the power of ideology [sasangui kangguk], the great power of politics that the world admires as well as a powerful great nation [kangsong taeguk] the imperialist allied forces dare not approach, thus developing all areas such as politics, economics, culture, and defense in our own way based on their faith in chuche. [applause]

Because of the wise leadership of the respected and beloved General Kim Chong-il, our working class and people, in hearty response to the slogans "The great leader Comrade Kim Il-song will be with us forever" and "Let us more completely arm ourselves with the revolutionary ideas of the great leader Comrade Kim Il-song," uphold the fatherly leader as the founder of the socialist Korea; consider the chuche idea to be their lifeline; carry out revolution and construction according to the leader's style; and thus endlessly glorify our country and fatherland of chuche where the people of the Kim Il-song nation live.

Socialist lives, in which our working class displays high dignity and honor as the masters of the country and as the class leading the revolution, bloom more gloriously under the rays of the politics of love and trust as well as benevolent politics. [applause]

While calling our society a society of the working class, and while saying one should try to catch stars in the sky if it is for the working class, he visited the dead ends of mines to meet miners, spending sleepless nights, and conducted an emergency operation to rescue an obscure worker. This is the example of the great leader Comrade Kim Chong-il's benevolent love for our working class. [applause]

Under the rays of this great idea and benevolence, our working class was raised into an invincible power and an unbreakable iron-willed unit united around the party and the leader, the most militant and revolutionary vanguard unit as well as the most powerful and wisest heroic unit. It has also risked its life to politically and ideologically defend the party and the leader in every arduous period of our revolution as a leading unit carrying out the chuche revolutionary cause.

Today, our working class and people are strongly united around the respected and beloved General Kim Chong-il, who brilliantly inherited the great leader's cause; they are united in an ideological will based on a revolutionary belief and noble moral obligation, and resolutely defend and complete the cause of our own style of socialism.

Based on the creative and scientific idea and theory that when priority is given to human remodeling work and political work then the main forces of the revolution can be strengthened, their role can be enhanced, and socialism can be successfully built, the great leader

Comrade Kim Chong-il presented the ideological revolution as the most important task and has wisely led the working class to endlessly deepen the ideological revolution as revolution and construction advanced.

The ideological revolution has been successfully carried out. As a result, today in our country all people are devotedly waging the struggle to defend and maintain our own style of socialism with the revolutionary belief that they will be victorious if they defend socialism and will face death if they abandon it. They also highly demonstrate the beautiful communist trait of helping and leading each other, and of working and living in a revolutionary manner, under the principle of collectivism of "one for all and all for one."

The most valuable asset our party accumulated in the struggle for the socialist revolution under the uplifted banner of the chuche idea is the single-hearted unity between the leader, the party, and the masses. Our single-hearted unity is not an ordinary unity but an ideological, volitional, and moral unity in which the leader, the party, and the popular masses achieve harmonious unity based on a single idea and ideal as well as sharing the same life and destiny [words indistinct]. It is also our revolutionary unity that has eternal and immortal vitality. [applause]

Single-hearted unity among the leader, party, and masses is a basic element enabling us to resolutely crush any challenge from the imperialists and steadfastly defend and protect our own style of socialism, as well as a powerful impetus helping vigorously accelerate socialist construction following the defeat of the wild antisocialist winds.

Today, under the party's wise leadership, the leadership role of the working class has been boundlessly enhanced and the working class' revolutionary influence on members of society has been enhanced in our country. As a result, the entire society has been modeled after the working class, and the slogan on abolishing classes, which the working class upheld since the first day it emerged on the stage of history, has been turned into a reality.

Today, when we see the day of the complete victory of socialism just around the corner, our working class takes great pride and has confidence in the superiority, might, and future of our own style of socialism that it chose and has been cultivating on its own.

Truly, our working class has always walked along the single road of victory and honor under the wise leadership of the great leader [suryong] as well as the great leader [yongdoja], and is enjoying an independent and creative life to its heart's content in a society where the working class is the master. This is the greatest happiness and honor that only the working class of our country enjoys. [applause]

On this meaningful occasion celebrating the international festive day of the working class of the entire world, with the boundless admiration and burning loyalty of the working class and people across the country, I express my noble respect to the great leader Comrade Kim Il-song, who built the popular masses-centered socialist system of our own style under the ray of the immortal and imperishable chuche idea and who gave our working class and people eternal happiness, and extend the greatest honor and warmest thanks to the great leader Comrade Kim Chong-il. [applause]

Comrades: The acute confrontation and struggle between socialism and imperialism and between progressivism and reactionism continues on the international stage today. The revolutionary cause of the working class faces a grave challenge. The working class's struggle to build a new, free, and peaceful world has not ended. We must walk a long, turbulent road.

Our working class and people have the noble and responsible task of crushing the antisocialist and anti-Republic maneuvers by the imperialists and reactionaries, and of achieving the independent reunification of the fatherland and the ultimate victory of socialism and communism.

The imperialists and reactionaries direct the spearhead of attack at our Republic, the bulwark of socialism, and are perpetrating all sorts of maneuvers to crush our own style of socialism and destroy it from within with threats, blackmail, isolation, suffocation, and appeasement.

The bellicose class of the United States, without paying any heed to implementing the DPRK-U.S. agreed framework and abandoning their aggressive ambition against our Republic, have strengthened and deployed numerous forces of aggression in South Korea; announced a plan to stage a new joint military exercise, a replay of the "Team Spirit" exercise; and are perpetrating reckless military pressure maneuvers and leading the situation on the Korean peninsula to confrontation and war.

The puppet Kim Yong-sam, who relies on his masters for his own existence, raves about resolute punishment against someone else and desperately maneuvers while daring to (?crush) us with the strength of outside forces.

The current situation asks our people to have no illusions about anyone, to firmly assume an independent position, and to wage a steadfast struggle to resolutely defend and maintain our own style of socialism. The entire working class must have a firm belief in the victory of socialism and must vigorously fight to defend and maintain our own style of socialism and further glorify it. [applause]

Our working class and all workers must unchangingly uphold the banner of unity to crush the antisocialist maneuvers by the imperialists and reactionaries as well as continuously and vigorously advance the chuche revolutionary cause. Because there is the might of unity nothing can destroy, there is the invincibility of our own style of socialism that wins victory after victory; the brilliantly bright future of the chuche revolutionary cause is firmly ensured.

The entire working class must cherish deeply in their hearts the belief that the great leader Comrade Kim Il-song will always be with us. It must become loyalists, rifles, and bombs that strongly unite around the respected and beloved General Kim Chong-il, that strengthens single-hearted unity in our revolutionary ranks, and that upholds and resolutely defends and protects the party and the leader. [applause]

In hearty response to the party's political slogan that calls on the entire party, all the people, and the entire Army to achieve single-minded unity to complete the socialist cause to the end, we must resolutely crush all challenges to and abuses of socialism on the strength of single-minded, harmonious unity among the leader, the party, and the masses as well as flying more highly the banner of socialism. [applause]

The revolutionary unity of the working class is an ideological and volitional unity based on a single idea; the working class must consistently preserve the purity of the socialist idea in order to brilliantly fulfill its historic mission. It must strongly arm itself with the chuche idea to firmly preserve the purity of the socialist idea.

The entire working class and all the people, in hearty response to the slogan "Let us more thoroughly arm ourselves with the great leader Comrade Kim Il-song's revolutionary idea," must strongly arm themselves with the chuche-oriented socialist idea; must resolutely defend the chuche-oriented position and working class-oriented principle under any adverse situation; must thoroughly reject all antiworking class ideological elements; and must resolutely crush, on the strength of the socialist idea, the enemy's maneuvers to destroy us with ideological and cultural offensives.

The party's leadership must be endlessly enhanced in compliance with the demand of the socialist society's development to resolutely defend the working class' revolutionary position and walk the socialist road to the end. The party's leadership is the working class' first life and a basic guarantee for all victories.

Today, our party is being further strengthened and developed into a consummate, tested, chuche-oriented party that is leading the Korean revolution along an ever-victorious road under the leadership of the great leader Comrade Kim Chong-il.

Only when we are loyal to the leadership of the respected and beloved General Kim Chong-il, the sun of chuche and the victorious banner of the cause of independence, can our working class brilliantly fulfill its historic mission and duty.

Our era is a glorious era shining with the revered name of the great leader Comrade Kim Chong-il, and the road of advancing under his leadership is firmly guaranteed by a more prosperous and brighter future for mankind. [applause]

All of the working class should faithfully uphold the great leader Comrade Kim Chong-il's ideology and leadership on the basis of infinite national dignity and honor and revolutionary faith and sense of obligation and should display higher revolutionary spirit, organizational spirit, and combat strength in the accomplishment of the chuche socialist cause while singing the songs of faith: "There Exists No Fatherland Without You" and "We Will Be Victorious Only When You Are With Us." Thus, the working class should outstandingly perform the role as the core unit of our revolution.

Constantly improving the people's living is the supreme principle of our party's activity. It is also an important requirement for highly exalting the superiority of socialism. Our party set the period of readjustment in its socialist economic construction and presented the revolutionary economic strategy. The main purpose of this is also to more smoothly meet the demands in the people's lives in conformity with the demands of the socialist cause.

All of the working class and the working people should uphold the party's intent and policy, vigorously wage the three revolutions—ideological, technological, and cultural—and effect constant innovations and upsurges in socialist economic construction. Thus, they should strengthen by all means the might of the self-reliant socialist national economy of our country and should see to it that the popular masses bring their independent and creative lives into fuller bloom.

Under the slogan: "Let us vigorously accelerate the general march of socialism with the revolutionary spirit of self-reliance and fortitude under the general mobilization of the entire party, the whole country and all of the people," we should thoroughly implement the party's revolutionary economic strategy with the spirit of adding the speed of the nineties to Chollima. Thus, we should smash the enemies' maneuvers for blockade with a great upsurge in socialist construction and brilliantly adorn this year with heroic struggles and great victories.

Today, the U.S. bellicose strata and the South Korean puppets are driving the situation on the Korean peninsula into aggravating tension through ominous military provocation maneuvers. We should enhance a more revolutionary vigilance than ever before to cope with the prevailing situation, should establish the revolutionary ethos of attaching great importance to the military in the whole society, should firmly deepen an all-people and all-state defense system, and should demonstrate more highly the might of the ideology of unity between the Army and the people.

Reunifying the divided fatherland is the noble cause to which the great leader Comrade Kim Il-song devoted his whole life. For our working class and people, it is an urgent task that should not be delayed any longer.

All of the working class and workers should have the firm faith that reunifying the fatherland in the nineties is certain because the great leader Comrade Kim Chong-il, the lodestar of national reunification, is with us, should smash at every phase splittists' maneuvers at home and abroad, and should more vigorously struggle to expedite the day of national reunification.

By vigorously accelerating the great national march of reunification under the banner of the three principles of independence, peaceful reunification, and great national unity, which is the joint reunification program of the nation, and the 10-point program for the great unity of the whole nation, by removing all difficulties and obstacles lying on the road ahead of reunification, and thus by reunifying the fatherland in the nineties without fail we will realize without fail the great leader's lifetime behest and the historic, long-cherished desire of 70 million fellow countrymen.

Now, we should smash the manipulative and interferential maneuvers of the internal and external splittist forces and hold the grand festival of national reunification without fail to celebrate the 50th anniversary of the fatherland's liberation, thereby making the significant 1995 shine as a historic year marking an epochal victory of national reconciliation, unity, and reunification.

Our people's just cause for the sovereignty of the nation, and peace and reunification of the country is eagerly supported and encouraged by many people in the world. Taking this opportunity, I extend deep gratitude to all parties, governments, and people in the world who have always wholeheartedly supported and encouraged the cause of our working class and people for justice. I also firmly believe that they will continue exhibiting strong solidarity to our cause for reunification in the future. [applause]

Today, the basic survival rights of the South Korean workers are being ruthlessly infringed upon in the worst labor hell in the world, not to mention their political freedom and rights. Large-scale disasters such as the collapse of Songsu Bridge are taking place one after another in South Korea. The day before yesterday, a huge gas explosion at a Taegu subway construction site resulted in more than 300 casualties and destroyed numerous houses and water facilities. The Kim Yong-sam fascist clique branded the workers' just struggle for survival rights and democracy as collective egoism and ruthlessly suppressed them by exercising the right of emergency coordination. It is an antipopular and homicidal regime.

The only way for the South Korean workers and the working popular masses to survive is to achieve independence and democracy in society and unite and fight to achieve the reunification of the country. The South Korean workers should firmly unite in national independence and establish a firm solidarity with youths, students, and people from all walks of life to eliminate the Kim Yong-sam ring, a group of the most vicious flunkeyist nation sellers and traitors, by united force. They should build a new world of independence and democracy in the southern land, and more boldly struggle to achieve the cause of the fatherland's reunification without fail.

Today's common task for the world's people is to build a new world of independence. Our times demand that we decisively defeat the imperialists' last-ditch struggle against the desire of the world's revolutionary people and unanimously join the struggle to create a new world of independence. The new world of independence is a new world where there is no domination and subjugation among the countries and nations, a world without invasion and war, and where the democratization of the international community is achieved.

The new world of independence can only be built by the joint efforts of the united people. It is an unchanged truth that unity is the decisive factor for victory. Today, under the circumstances in which the imperialists are joining hands with each other and coming forward against socialism and the world's progressive people with their united forces, it is imperative for all the world's anti-imperialist and independent forces to firmly unite in the struggle.

Independence, peace, and friendship is the common, noble ideal of mankind and it is the banner of unity of the people of the world in the struggle to imbue the entire world with independence.

The progressive people of the world aspiring for independence should counter the imperialists' divisive and alienating maneuvers with the strategy of unity. "Let the people of the world who are defending independence unite." This is the internationalist slogan for our times.

For the working class of various countries of the world to carry out their historical mission, they should follow the socialist road to the end under the banner of independence. The socialist road is the only road to ensure the lasting peace and security of the world and to build a new world of independence, peace, and friendship.

It is the trend of the development of history that the popular masses should respect socialist society based on man's social nature and aspirations for socialism. Although the imperialists and reactionaries make all sorts of sophism obstructing socialism, engaging in anti-socialist campaigns, it is an anachronistic illusion and a way to accelerate their self-destruction.

Despite the complicated situation today, the working class of our country should advance the cause of socialism more vigorously under the banner of the chuche idea. We have this honorable mission to do so for the times and history.

Our working class will spare no effort, as it has done in the past, to brilliantly carry out its noble mission for the times and history to strengthen the relations of internationalist friendship with the working class of all the countries of the world under the ideal of independence, peace, and friendship.

Our cause of the revolution is just, and the road we follow is the road of victory and glory. Let us all unite firmly around the respected and beloved General Kim Chong-il under the revolutionary banner of the great chuche idea and wage a vigorous struggle for the country's reunification, the completion of the chuche revolutionary cause, and the independence of the entire world. [applause]

Long live the revolutionary ideology of Comrade Kim Il-song, the great leader of our party and our people! [applause]

Long live Comrade Kim Chong-il, the great leader of our party and our people! [applause]

Long live May Day, the international festive day for the working class of the entire world! [applause]

Korean Working Class Celebrates

SK3004081395 Pyongyang KCNA in English 0809 GMT 30 Apr 95

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA)—May Day, international holiday of the working class of the world, is being observed in Korea.

Streets and villages are in holiday attire and colourful functions are taking place.

The working class across the country is greeting the day with a great productive upsurge in socialist economic construction.

In recent 5 days, the output of electric power increased 1.6 times as compared with the same period of last year and iron and steel and coal output grew 8 and 5.6 percent respectively. And the workers in other fields are also performing feats of labour in production and construction.

The Korean workers greeting May Day with great national pride and honor are filled with boundless respect for the great leader President Kim Il-song, who greatly trusted them and showed warm loving care for them.

The president made the working class lead the revolution and provided them with an independent and creative life.

The Korean workers who had lived with no rights under maltreatment in the past became masters of the country thanks to the deep trust and benevolent love of the president and are building socialism, bringing their creative talent into full bloom.

Now all workers firmly united around the great leader Comrade Kim Chong-il are further glorifying the Korean style socialism, a society of the working class, with creative labour.

Appeal Issued to World Workers

SK3004083595 Pyongyang KCNA in English 0830 GMT 30 Apr 95

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA)—A national meeting was held here today to observe the 105th May Day, at which an appeal to workers the world over was adopted.

The appeal calls upon them to turn out as one in accomplishing the historic cause of the working class under the great banner of independence.

"The desperate anti-socialist offensive of the imperialists and international reactionaries is, in the long run, an anti-popular, anti-working class move to persistently override the working masses' desire of becoming the masters of everything," the appeal points out.

The history of the struggle of the working class shows, it stresses, that it is only socialist society which resolutely defends the interests of the working masses.

If workers of the world are to become a pioneer and a driving force in the struggle for their historic cause, they should arm themselves with the great man-centred idea, which indicates a correct way for it, the appeal declares.

It calls upon the workers to firmly unite beyond system, political view, ideology, religious belief, nationality and border, under the uplifted slogan "Let the world people advocating independence unite!" and build a new society where the working masses become the masters, society humankind has so far considered to be an ideal.

"The workers and other people of different strata of Korea will defend to the last the socialist system centred on the masses, their life and soul, and give fuller play to its superiority, and thus keep with credit their international duty in discharging the honorable mission of the international working class," the appeal says.

Appeal to ROK Workers Adopted

SK3004083995 Pyongyang KCNA in English 0836 GMT 30 Apr 95

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA)—The national meeting held here today to mark May Day demonstrated the will of the working class in the northern half of Korea to actively support and encourage the South Korean workers' patriotic struggle of justice, appealing to them to turn out in the struggle for independence and democratization of society.

The appeal to the South Korean workers adopted at the meeting said they should shape their destiny through their own struggle, noting that, only through struggle, can they take the value of humankind, live an independent life of the nation, enjoy democracy and achieve the reunification.

It called on them to wage a vigorous struggle to liquidate the colonial rule of the United States in South Korea in the van of the drive for independence against the United States, lift higher the torch of struggle for democratization of South Korean society so as to knock down Kim Yong-sam's "civilian" fascist dictatorship with the iron fist of the working class.

"The South Korean workers should reject the deceptive 'cooperation between labour and management', realize the wage hike, attain the three rights to labour and turn out as one in the struggle for repeal of the 'National Security Law' and disbandment of the 'Agency for National Security Planning' and in demand of the release of the illegally imprisoned labour unionists and fellow workers," the appeal said.

It called on them to fight at the head of the grand march for reunification in the 90s befitting the advanced class in creating a new world, appealing "let us turn out in a nationwide vigorous struggle to hold with success the grand national reunification festival to celebrate the 50th anniversary of national liberation."

"Let us fight unyieldingly for the building of a new independent world and new democratic society with no outside forces and traitors in South Korea and for the day of reunification when workers in the North and South will engage themselves in creative labour for the country and the nation in a united effort," the appeal said.

WPK Commemorates 50th Founding Anniversary

SK0105122795 Pyongyang KCNA in English 0851 GMT 1 May 95

[FBIS Transcribed Text] Pyongyang, May 1 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] in the calls published on April 30 on the occasion of the 50th anniversary of its founding appealed to the entire party members and other working people to wage a powerful struggle to accomplish the cause of socialism and accelerate the reunification of the country, firmly united around the great leader Comrade Kim Chong-il, true to the behests of the great leader Comrade Kim Il-song.

The calls read:

The founding of our party by the great leader Comrade Kim Il-song 50 years ago was a significant event proclaiming the birth of a revolutionary party of the chuche type, the first of its kind in the history of the working-class party building and a historical event which brought about a fundamental turn in shaping the destiny of our people and in their revolutionary struggle.

Over the 50 years since its founding and over the nearly 70 years since it struck its roots, our party has covered the most glorious road shining with great struggle and victory, pulling through manifold difficulties and ordeals.

Under the wise leadership of the great leader Comrade Kim Il-song, the WPK has hewn out the road of the era and revolution, victoriously carried on the revolutionary struggle and constructive work of different stages and changed the looks of the country, performing the immortal feats of opening a new era of national prosperity and development on this land under the banner of the chuche idea.

The great leader Comrade Kim Chong-il stands in the van of the historic struggle to accomplish the cause of the chuche-based party building and the revolutionary cause started and led by the great leader Comrade Kim Il-song over the 70 years.

The entire party and other people should make a powerful general march to overcome the ordeals and challenges of history and accelerate the cause of socialism, firmly united around the party Central Committee in one mind, true to the behests of Comrade Kim Il-song.

Noting that the great Comrade Kim Il-song is the founder and builder of our party, state and Army, the father of the nation and the progenitor of socialist Korea, the calls continue:

The great leader Comrade Kim Il-song will always be with us.

Let us uphold the great Comrade Kim Il-song as the leader of our party and people, the sun of chuche, for all ages!

Let us firmly defend and glorify for all ages the immortal revolutionary feats performed by the great leader for the country and the people, the era and the revolution!

Let us actively follow the noble communist virtues of Comrade Kim Il-song, a great leader, a great revolutionary and a great man!

Let us more firmly arm ourselves with the revolutionary idea of the great leader Comrade Kim Il-song!

The great leader Comrade Kim Chong-il is a great statesman, a great strategist and an ever-victorious, iron-willed brilliant commander, who is leading our party, people, and revolutionary Armed Forces to a victory with the outstanding ideas and leadership ability.

The great leader Comrade Kim Il-song means the great leader Comrade Kim Chong-il and the latter means our party.

The calls stress the need to defend Comrade Kim Chong-il politically, ideologically, and with people's lives and to become true, loyal subjects firmly trusting and following only him with a single heart.

The calls say that the Workers Party of Korea, the organizer and guide of all victories of our people, should be strengthened into a revolutionary, chuche-type party forever and the whole party should unite more closely around respected Comrade Kim Chong-il, upholding the behests of the great leader Comrade Kim Il-song.

They stress the need to cement the mass foundation of our party as firm as a rock by firmly uniting the workers, peasants, intellectuals and youth around our party and to further enhance the role of the working people's organisations, including the League of Socialist Working Youth, the General Federation of Trade Unions, and the Union of Agricultural Working People, the transmission belts linking the party and the popular masses.

Referring to the work of rejecting the illusion about imperialism and exploiter class and uncompromisingly struggling against them, the calls stress the need to devote all to defending our socialism which was gained with blood and has been built with creative labour.

The modelling of the whole of society on the chuche idea should be promoted to make our country, our motherland liberated by Comrade Kim Il-song, more prosperous, accelerate the socialist cause of chuche and make our nation shining with his august name a more powerful and prospering nation in the whole world, the calls state.

Saying that the revolutionary line of independence, self-sufficiency and self-reliance in national defense should be thoroughly implemented to further strengthen the might of the socialist country, they call for building the party, the power and the Army our own way and building ideology, the economy and culture our own way.

Noting that the three revolutions, ideological, technical and cultural, are the general line of our party in the building of socialism, they lay stress on pushing ahead with the three revolutions in conformity with the requirement of modelling the whole society on the chuche idea.

The calls appeal to the whole party, the whole country and all the people to turn out with unusual a firm [as received] determination and effect a turn in socialist economic construction and smash the economic blockade of imperialism with the revolutionary economic strategy.

The party's agriculture-first policy, light industry-first policy and foreign trade-first policy should be carried through and innovations be effected in all domains of the heavy industry including the coal and power industries, railway transport, and metal, mining and machine-building industries, say the calls.

They call upon the whole party, the entire people and the whole Army to rise up to further increase the nation's defence capability, the firm guarantee for defending our-style socialism centering on the popular masses and accomplishing the revolutionary cause of chuche.

The calls stress the need to thoroughly implement the military line of our party on making the whole Army a cadre army, modernizing the whole Army, arming the entire people and fortifying the whole country. The calls lay emphasis on upholding the leadership of the respected supreme commander with loyalty, true to the intention of Comrade Kim Il-song.

They say all the soldiers should become rifles and bombs to defend the respected supreme commander with their lives.

The calls lay emphasis on making full combat preparations of the People's Army, true to the behests of Comrade Kim Il-song.

They stress that the political and military might of the People's Army should be strengthened in every way to defend our territory, our airspace and our territorial waters like an impregnable fortress.

The calls note that the officers and men of the People's Army should fully display the heroic stamina of the revolutionary Army at the socialist construction sites as intended by the party.

Saying that the trait of attaching importance to the military affairs should be established all over society to firmly establish the all-people, all-state defense system, the calls state that the entire people should sincerely learn military affairs and make the whole country covered with forests of rifles and bayonets in case of emergency.

They point out that the members of the Worker-Peasant Red Guards and the Young Red Guards should make combat preparations and strengthen combat and political training in an alert posture.

They call for watching with sharp vigilance the new war provocation manoeuvres of the imperialists and their stooges and smashing them at every step.

They call upon the entire party members to become vanguard fighters leading the masses in difficult and toilsome work.

They appeal to the entire party members and other working people and soldier-builders to successfully complete the construction of the monument to the party foundation, the Chongnyu Bridge (second stage) and Kumnung tunnel No.2 before the 50th anniversary of the party founding.

They lay stress on achieving national reunification at an early date, upholding the cause of reunification of Comrade Kim Il-song, the father of the nation.

They point to greeting the 50th anniversary of the liberation of the country as a grand reunification festival common to the nation in which the North, the South and overseas will take part and making this a significant year to pull down the barrier of division and make a breakthrough for the reunification in the 90s.

The calls say the three principles of independence, peaceful reunification and great national unity, should be firmly maintained, interference of outside forces be rejected, the flunkeyist treacherous acts of the splittist forces be checked and frustrated and the dignity and independence of the nation be defended.

Noting that the most reasonable and realistic way of national reunification is to establish confederation based on one nation, one state, two systems and two governments, the calls stress the need to wage a nationwide struggle to realize the most fair and aboveboard proposal for founding the Democratic Confederal Republic of Koryo.

They say all the parties, groupings and people from all walks of life in the North, the South and overseas should be firmly united under the banner of the 10-point programme of the great unity of the whole nation.

Those with strength should devote strength, those with knowledge give knowledge and those with money donate money, thus making tangible contribution to the cause of national reunification, the calls say.

They appeal to the South Korean people to smash every criminal act of the South Korean ruling quarters who seek treacheries, fascism and division, under the uplifted banner of independence, democracy and reunification.

They call upon the 70 million fellow countrymen to achieve the reunification in the 90s to give posterity a reunified country, upholding respected General Kim Chong-il as the lodestar of national reunification.

They call for pushing ahead with global independence in firm unity with the peoples of all countries of the world who defend independence.

Noting that the imperialists' moves of domination, subjugation, aggression and intervention should be decisively smashed, they call for uniting strength with all the anti-imperialist, independent forces.

Saying that the Non-aligned Movement should be further strengthened and developed under the uplifted banner of independence, the calls stress the need to destroy the old international political order and economic order of domination and subjugation and defend equality and independence in the international relations.

The calls lay emphasis on struggling for a durable peace in Asia and the rest of the world against aggression and war and for a total dismantlement of nuclear weapons.

Meeting Marks Kim Chong-il Guidance to Sinuiju

SK0105084195 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 26 Apr 95

[FBIS Translated Text] A report meeting marking the 20th anniversary of the great leader [yongdoja] Comrade Kim Chong-il's on-the-spot guidance to the city of Sinuiju was held on the actual place yesterday [26 April]. In attendance at the reporting meeting were Kim Hakpong, responsible secretary of the North Pyongan Provincial party committee and chairman of the North Pyongan Provincial People's Committee; other relevant functionaries and workers in the city.

Yi Tok-in, responsible secretary of the Sinuiju municipal party committee and chairman of the Sinuiju municipal People's Committee, delivered a commemorative report to the report meeting.

The speaker said: At a time when all people across the country are accelerating the energetic onward march to further enrich our country, our fatherland, we are meaningfully celebrating the 20th anniversary of the great leader Comrade Kim Chong-il's on-the-spot guidance to the city of Sinuiju.

He noted: While giving his on-the-spot guidance to the city of Sinuiju on 27 April 1975, 20 years ago, the great leader Comrade Kim Chong-il gave a clear elucidation on the tasks arising from taking better care of the city—as befitting a city of border gateway—and on the ways to implement such tasks.

He pointed out: On that day, acquainting himself with the construction and management of the city, the dear Comrade Kim Chong- il talked about the idea of setting up a new building of Sinuiju Station and embellishing the areas in the vicinity of the road running from Uiju to Sinuiju, while going round the downtown area of the city without having time to get over his accumulated fatigue far into the midnight.

He said: The appearance of the city has been changed beyond recognition through the struggle to carry through the tasks which the great leader Comrade Kim Chong-il put forth on his on-the-spot guidance. The zones of the city have been put in an orderly arrangement to have a beautiful appearance of modern style; the streets in the downtown area have been paved on a wide-ranging scale; and the building of the railway station has been wonderfully constructed in a modern fashion.

He said: The road running from Uiju to Sinuiju has been widened; and several hundreds of units of modernized multi-storied dwelling houses have been built on both sides of the road.

He said: Also since that time, while giving his on-the-spot guidance to North Pyongan Province on several occasions, the dear comrade leader has elucidated the direction and ways for the construction of the city of Sinuiju and has wisely led the struggle to accomplish such a direction and ways. Under such love and care, in the eighties, several units of elegant and modern dwelling houses have been built in the rural villages in the vicinity of the city. Many silicate-brick dwelling houses have been built in the Nam Sinuiju District.

He stressed the need to defend, safeguard, and add more luster to the immortal leadership achievements made by the great leader Comrade Kim Chong-il by better building the city of Sinuiju and taking good care of the city in conformity with the demands of the developing reality.

He noted: All construction workers and city dwellers should complete each part of the construction project meticulously and should decisively increase the quality of the construction by concentrating the labor force and materials on the construction, while upholding the remarks by the great leader Comrade Kim Chong-il on the need to build the Nam Sinuiju District wonderfully and while determining the proper order of priority for work.

He emphasized: All party members and workers in the city should build the city of Sinuiju more grandly and beautifully and should achieve new upsurges in the accomplishment of the party's revolutionary economic strategy by thoroughly carrying through the tasks which the dear comrade leader put forth on his on-the-spot guidance.

Kim Chong-il Visits Academy of Sciences 28 Apr

SK2904004195 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 28 Apr 95

[FBIS Translated Text] Comrade Kim Chong-il, the great leader [yongdoja] of our party and our leader, gave on-the-spot guidance to the Academy of Sciences.

On 28 April, Comrade Kim Chong-il, the great leader of our party and our leader, gave on-the-spot guidance to the Academy of Sciences.

He was accompanied by Comrades Kye Ung-tae and Chon Pyong-ho, members of the Political Bureau of the Central Committee of the Workers Party of Korea [WPK] and secretaries of the party Central Committee; Comrade Choe Tae-pok, candidate member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrades Kim Ki-nam and Kim Kuk-tae, members of the WPK Central Committee and secretaries of the party Central Committee; and other functionaries concerned.

While looking around the Institute of Control Machines and the direct circuit intermediate tester plant, Comrade Kim Chong-il acquainted himself with the process of scientific research in detail, and looked around the science exhibition center.

Displayed at the science exhibition center, which was newly set up by the Academy of Sciences, were numerous exhibits that reflect our scientists' proud accomplishments in scientific research by upholding the party's policy on realizing chuche-orientation, modernization, and scientification of the national economy.

Comrade Kim Chong-il looked around the exhibition center for a long time and acquainted himself with the achievements accomplished in scientific research of the various sectors of the national economy. He expressed great satisfaction over the fact that scientists have done a lot of things.

Comrade Kim Chong-il looked around the various units of the Academy of Sciences, and presented tasks that serve as a guide in promoting the country's scientific research onto a higher level in accordance with the developing demand of the reality.

Comrade Kim Chong-il pointed out that the scientists and technicians of the Academy of Sciences have made a great contribution to the country's prosperity and development by putting their heart and soul into it with the self-sacrificing spirit of service for the party and revolution, and the fatherland and people, and highly assessed their meritorious deeds. Comrade Kim Chong-il said that having a huge army of revolutionary scientists and technicians today is our greatest treasure, the party's pride, and a valuable foundation for the fatherland's endless prosperity.

Comrade Kim Chong-il stressed that all the scientists should hold fast to the stand of chuche and carry out scientific research work on the basis of abundant raw materials in our country, thus further strengthening the chuche character of our industry. Stressing the need to rapidly develop latest science and technology, including the electronics industry, on the basis of the already-prepared foundation, Comrade Kim Chong-il pointed out that the scientists and technicians should devote all their energy and wisdom to scientific research work for this goal.

In order to display the country's self-reliant economy by rapidly developing science and technology, Comrade Kim Chong-il said research results should be introduced into production at the right time. Saying that numerous modern and integrated scientific research bases are being set up in our country and that this strongly bolsters the development of scientific development, Comrade Kim Chong-il pointed out that the cooperation between scientists and technicians should be promoted in scientific research and a unified guidance should be given for this in order to develop the country's science at an early date.

Comrade Kim Chong-il said because our party guaranteed priority to research conditions for scientists, even in the difficult period of the war, the country's industrialization could have been brilliantly realized in such a short period. Comrade Kim Chong-il pointed out that in order to effect upsurges in the development of science and technology, all the conditions necessary for scientific research work should be amply provided.

Saying that since our scientists are our country's valuable treasure, nothing should be spared for them, Comrade Kim Chong-il bestowed greatest love and benevolence on them. Comrade Kim Chong- il expressed his firm conviction that scientists will actively contribute to the fatherland's prosperity and development by supporting the people's high level of political enthusiasm with scientific research results.

All the party members and working people of the Academy of Sciences were filled with burning resolve to devote themselves to the holy work of enriching the fatherland by thoroughly carrying forth the programmatic works presented by Comrade Kim Chong-il during his on-the-spot guidance to the Academy of Sciences.

Accompanied by WPK Officials

SK2904045295 Pyongyang KCNA in English 0441 GMT 29 Apr 95

["Comrade Kim Chong-il Gives On-the-spot Guidance to State Academy of Sciences"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 29 (KCNA)—The great leader of our party and our people Comrade Kim Chong-il gave on-the-spot guidance to the state Academy of Sciences on April 28.

He was accompanied by Kye Ung-tae and Chon Pyong-ho, Politburo members and secretaries of the Central Committee of the Workers' Party of Korea [WPK]; Choe Tae-pok, alternate Politburo member and secretary of the WPK Central Committee; Kim Ki-nam and Kim Kuk-tae, members and secretaries of the WPK Central Committee; and officials concerned.

Comrade Kim Chong-il acquainted himself with the process of the scientific researches, going round a control machine research institute and an integrated circuits intermediary pilot, plant, and went to the scientific exhibition.

Among those newly arranged by the state Academy of Sciences at the exhibition were a great many exhibits showing the proud achievements made by our scientists in their studies in hearty response to the party's policy of the chuche orientation, modernisation and scientification of the national economy.

While going round the exhibition for hour, Comrade Kim Chong-il acquainted himself with the achievements made in the scientific researches in the various domains of the national economy, and expressed a great satisfaction with the fact that the scientists have done a lot of things.

After going round some units of the state Academy of Sciences, Comrade Kim Chong-il put forward highly important tasks for developing the nation's scientific research work onto a new higher stage to meet the requirements of the developing reality.

Comrade Kim Chong-il said that in the past period the scientists and technicians of the state Academy of Sciences have made a great contribution to the development and prosperity of the country by making all efforts in the spirit of devoted service for the party and the revolution, the country and the people, and greatly appreciated their signal achievements.

He said that today we have a huge army of revolutionary scientists and technicians who are the greatest wealth, a pride of our party and a valuable asset for the eternal prosperity of the country.

He said all the scientists must carry on the scientific researches based on raw materials abundant in our country with a firm chuche-based stand and thus further strengthen the chuche character of the industry, he stressed.

He said that ultra-modern science and technology including the electronic industry should be developed rapidly on the basis of the already made foundations. To this end, the scientists and technicians should dedicate all their wisdom and zeal to the scientific researches, he noted.

He stated that in order to rapidly develop science and technology and fully display the might of the independent national economy of the country the results achieved in researches should be introduced into production in good time. And to develop the nation's science more quickly, the scientists and technicians should strengthen their cooperation in scientific researches and all the sufficient conditions should be provided for the scientific researches". [no opening quotation mark as received]

Saying that we must spare nothing for our scientists who are precious able men of the country, he showed deep love and benevolence for them.

Comrade Kim Chong-il expressed the conviction that scientists would actively contribute to the cause of the prosperity and development of the country by backing up the high degree of the political zeal of the people with results of their scientific researches.

Event Considered 'Unusual'

OW2904060495 Tokyo KYODO in English 0544 GMT 29 Apr 95

[FBIS Transcribed Text] Pyongyang, April 29 KYODO—North Korea's de facto leader Kim Chong-il gave on-the-spot guidance to the state academy of sciences on Friday [28 April], the official newspaper NODONG SINMUN reported Saturday.

Such an event at a nonmilitary facility is considered unusual as Kim has not made such appearances since his father and supreme leader Kim Il-song died last July.

The NODONG SINMUN, the mouthpiece of the ruling Workers Party of Korea, referred only to Kim as "the great leader of our party and our comrades" in reporting the inspection.

North Korean media have referred to Kim as "the supreme commander" of the (North) Korean People's Army or "the chairman" of the National Defense Committee.

Kim Chong-il made a public appearance for the first time in 40 days when he visited the No. 1,017 Troop Unit of the Korean People's Army on Tuesday, a day commemorating the 63th anniversary of the establishment of the army.

He has yet to assume two crucial posts—head of state and general secretary of the ruling party—which were left vacant after his father's death.

Kim Chong-il Work on Training Women Cadres Noted

SK3004083395 Pyongyang KCNA in English 0825 GMT 30 Apr 95

["Famous Work Which Indicates Way of Training Women Revolutionaries and Cadres of Chuche Type"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA)—Twenty years have passed since the great leader Comrade Kim Chong-il published the famous work "On Training Many More Women Cadres".

NODONG SINMUN today runs an article entitled "Famous Work Which Indicates Way of Training Women Revolutionaries and Cadres of Chuche Type" on the occasion.

The work published on April 30, 1975 is a programmatic one which brought about a great turn in further enhancing the role of women in the revolution and construction and firmly consolidating the ranks of cadres of the Workers' Party of Korea as demanded by the modeling of the whole society on the chuche idea.

The article says:

If society is to go well women who account for a half of the population of a country should fully play their role.

Only when women are trained into reliable workers holding half of shares in the revolution can society be further developed and socialism and communism be successfully built.

In Korea the issue of social emancipation of women was fully solved a long time ago. Therefore, women are accelerating the revolution and construction, participating in social life with the same position and rights as men in all fields of social life such as politics, the economy and culture.

All conditions for the participation of women in public life have been fully provided in Korea and many women cadres are faithfully carrying out their duty at important posts of the revolution and construction.

Great vigor and optimism are pervading society and proud victories and successes have been achieved in the revolutionary struggle and construction work in Korea. They are associated with precious sweat and efforts of the women workers, women revolutionaries of chuche-type, of our era, who are displaying their talents and zeal under the loving care and trust of the party.

Kim Chong-il Sends Birthday Tables to Women

SK2704103095 Pyongyang KCNA in English 1020 GMT 27 Apr 95

[FBIS Transcribed Text] Pyongyang, April 27 (KCNA)—The great leader Comrade Kim Chong-il sent centenary birthday tables to Kim Chung-nyo residing in Taesin-tong, Tongdaewon District, Pyongyang Municipality, and Choe Pong-kum in Chongnyong-ri, Hwasong County, North Hamgyong Province.

The old women, who were born into farmers' families, have enjoyed a true life worthy of human beings since President Kim Il-song liberated the motherland.

They have sincerely worked, devoting all their efforts to the motherland, which provides them with a happy life.

Comrade Kim Chong-il, who rejoices over long life of the people, continues to send such birthday tables to macrobians.

'Mystery' Funeral Committee Name Identified

OW0105072295 Tokyo KYODO in English 0331 GMT 1 May 95

[FBIS Transcribed Text] Pyongyang, May 1 KYODO—The mysterious name, Kim Chol-su, who appeared as No. 23 among the delegates of a state funeral committee for the late North Korean President Kim Il-song last July apparently belongs to a close friend of the deceased leader, informed sources said over the weekend.

Kim Chol-su's appearance so high on such an important list of North Korean personages baffled many North Korea watchers, who were told that he was the son of North Korean Vice President Kim Yong-chu.

The sources said the close friend of the late president was important in matters outside of the public sphere and had little political clout in the North Korean ruling hierarchy.

He was apparently ranked high in the state funeral committee due to his close relations with Kim Il-song, who died last July 8.

Kim Chol-su is reportedly of advanced age and in poor health, and has never before been mentioned in official information coming out of North Korea.

More Foreigners Visit Statue of Kim Il-song

SK3004080895 Pyongyang KCNA in English 0804 GMT 30 Apr 95

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA)—Tourist groups from different countries visited the statue of the great leader President Kim Il-song standing on Mansu Hill here to pay homage to him.

Among them were the 7th Beijing tourist group and the 15th Dandong tourist group from China, the 10th, 16th, 18th, 19th and 21st tourist groups from Japan, the first tourist group from Australia, the 2nd tourist group from Singapore, the 2nd tourist group from Thailand, the Cheil tourist group and the Orbit tourist group from the United States, and tourist groups of Korean residents in Brazil.

They laid floral baskets and bouquets before the statue and made a bow with unbounded reverence for President Kim Il-song who had devoted all his life only to the prosperity of the country and happiness of his people as well as to the cause of global independence.

Reunification Under Three Principles Stressed

SK2904103795 Pyongyang KCNA in English 1030 GMT 29 Apr 95

["National Reunification Should Be Realised on Three Principles"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 29 (KCNA)—NODONG SINMUN today stresses that we must speed up the grand march of the whole nation for reunification under the banner of the three principles of independence, peaceful reunification and great national unity laid down by the great leader Comrade Kim Il-song so as to inevitably achieve the national reunification in 90s and realize his desire.

The signed article says that to maintain the principles of independence, peaceful reunification and great national unity is the only way for the reunification of the country.

The article notes that the three principles for the national reunification are immortal principles and banner that the Korean nation should firmly maintain and uphold in the struggle to achieve national reunification in any situation.

The article continues:

The fact that the North and the South jointly confirmed the principles in the July 4 joint statement and declared them at home and abroad and reaffirmed them in the North-South agreement clearly proves that the three principles for national reunification are the fundamental principles which the whole nation must maintain in realizing the reunification. Anybody who sincerely wants the reunification of country cannot deny and ignore the three principles.

South Korea

U.S. Denounced for Putting ROK on Watch List

SK0105062795 Seoul YONHAP in English 0616 GMT 1 May 95

[FBIS Transcribed Text] Seoul, May 1 (YONHAP)—South Korea cannot understand the reasons why the United States has recently designated South Korea as one of the priority watch list (PWL) countries when reviewing the country's recognition of intellectual property rights (IPR), especially as South Korea has made great efforts to protect IPRs in its domestic market, Foreign Ministry spokesman Yu Kwang-sok said Monday.

Issuing a statement denouncing the United States for again putting the country on the PWL this year, Yu said that "The country has been pushing ahead with a plan to revise laws related to IPRs protection in accordance with trade-related intellectual properties (TRIPs) requirements under the World Trade Organization (WTO) by the end of the year."

"The country has also been cracking down on IPR violations in the country in an effort to protect IPRs," said Yu.

The Washington government Saturday designated South Korea as one of eight PWL countries for IPRs abuses as South Korea has allegedly failed to properly check for IPR infringements of computer software.

Others named by the United States as being on the PWL are Japan, India, the European Union, Brazil, Greece, Turkey and Saudi Arabia.

Talks With U.S. Breakdown on Shelf-Life Issue

SK2904020695 Seoul YONHAP in English 0156 GMT 29 Apr 95

[FBIS Transcribed Text] Washington, April 28 (YONHAP)—South Korea and the United States Friday failed to come to a compromise on the major pending trade issue involving the shelf-life period for U.S. processed foods.

The U.S. Trade Representative (USTR)'s office has consequently decided to refer the dispute to the World Trade Organization (WTO).

Following the rupture of the Seoul-Washington working-level trade talks Friday, chief South Korean delegate Chang Ki-ho, director- general of the South Korean Foreign Ministry's International Trade Bureau, said, "According to a policy of having businesses determine the distribution period of meat and foods on their own, we presented a formula in which the government provisionally sets item-by-item distribution periods. But the United States strongly demanded an early implementation of autonomous determination of the shelf-life by businesses. As a result, we have failed to reach compromise."

The U.S. delegation has conveyed its stance to refer the dispute to WTO, Chang said.

South Korea cannot accept the U.S. demands because they do not fit the country's situation, and will "promote its own shelf-life regulation program taking the health of the people and food situation into account," Chang said.

American officials involved in the talks, meanwhile, said that the U.S. Government plans to refer the shelf-life dispute to the World Trade Organization, and that it will not hold further negotiations with South Korea under the current circumstances.

The South Korean delegation, if proposed by the U.S. side, is reportedly ready to hold further negotiations Saturday, but if not, will withdraw all proposals presented to the current round of talks and settle the dispute according to the WTO's dispute settlement procedures.

"Even if the dispute were referred to the WTO, it would take about a year before a report is adopted. We can cope with the issue taking time," Chang said. The referral of the dispute to WTO is not necessarily unfavorable to South Korea, he added.

Also discussed at the trade talks were revisions to the records of understanding on cigarettes, intellectual property rights, the conclusion of a social security tax exemption agreement and anti- dumping.

Seoul demanded an amendment to the record of understanding on cigarettes, noting that it infringes upon Seoul's taxation sovereignty and that some problems are found in regulations concerning sales promotion activities. An accord was reached to amend the record of understanding and to discuss the details at their bilateral negotiations slated for June.

The U.S. delegation at the talks was led by Christina Lund, USTR director-general in charge of Korean affairs.

Official Briefs Reporters on U.S Trade Dispute

SK2904062995 Seoul YONHAP in English 0615 GMT 29 Apr 95

[FBIS Transcribed Text] Seoul, April 29 (YONHAP)—South Korea will seek to exercise its rights to defend the health of the nation's people, guaranteed by its membership in the World Trade Organization (WTO), when the United States brings the dispute concerning the shelf-life of meat and other foods to the WTO, a senior Foreign Ministry official in charge of international trade said Saturday.

"There's no internationally-recognized uniform standard for the shelf-life of foods and meat, and a standard should be set which considers international practices, distribution facilities and the climate of each country," said Deputy Foreign Minister for Economic Affairs Son Chon-yong briefing reporters on the U.S. Government's threat to file a complaint with the WTO against South Korea in the dispute over the shelf-life of foods and meat.

According to Son, South Korea proposed during the three-day working-level trade officials' meeting which ended in Washington Friday that the shelf-life of frozen meat be up to nine months and that the shelf-life of such frozen foods as French fries, pizza and pasta which include no meat can be decided by their manufacturers, beginning the middle of next year.

The United States meanwhile counter-proposed that the shelf-life of frozen meat should be 12 months and that of frozen foods which include no meat should be decided by their producers starting this autumn, according to Son.

The two sides thus failed to narrow differences over the issue and U.S. Trade Representative Mickey Kantor is expected to bring the case to the WTO dispute settlement body (DSB) Monday for a multilateral settlement of the case, said the assistant foreign minister.

He, however, predicted that the two sides would settle the dispute through bilateral talks within 60 days from the day the United States files the dispute with the WTO, which means the WTO will not have to form a panel to settle the case.

Under the WTO regulations regarding normal dispute settlement procedures, any dispute referred to the WTO should be settled within approximately 1.5 years from the start of the dispute.

The United States will actually gain little by bringing the case to the WTO even if it wins the case, considering the time required by the world trade body to settle the dispute. But, it may have decided to bring the case to the WTO apparently because of its domestic politics, in which the Clinton administration must report to the U.S. Congress on the results of trade disputes handled by the WTO for the coming years, according to Son.

"They (the Clinton administration) need to show to their Congress that the WTO panel can settle smoothly and efficiently any dispute it encounters and, furthermore, that the U.S. Government also took into consideration the fierce complaints from American meat and food producers," said the deputy foreign minister.

He also noted that the United States fell short on its threats to impose its own unilateral sanctions against Korea's tight controls on the shelf-life of frozen meat and foods by invoking its Super Section 301. Unlike last month, when the United States threatened to invoke the Super Section 301 while negotiating the opening of South Korea's telecommunications market, its giving a rosy outlook to the smooth settlement of the case at the WTO-level.

On the question that Seoul government agencies were not coherent in proposing offers concerning the shelf-life issue to the United States, Son said that the Foreign Ministry is the only official negotiating partner with the United States, adding that the delegation comprising officials of Ministries of Health and Welfare, and Finance and Economy recently visited Washington just to exchange views on a variety of trade issues with U.S. officials.

On the intellectual property rights (IPR) issue, Washington declined to upgrade Seoul's status to a watch list country from its current priority watch list of nations, demanding that the Seoul government provide a written guarantee insuring that it will enact laws to prevent de-compilation, an act of tracing the design content of computer softwares, in the country and to improve domestic IPR laws to the same level as WTO regulations, the deputy minister said.

South Korea expressed concern over the United States' decision not to upgrade Seoul's IPR status, said Son who added, however, that the upgrading itself cannot be the topic of trade talks as such grading is entirely a domestic problem of the United States which apparently invites grievances from foreign countries for its unilateral stance.

The two sides, however, agreed to hold another round of talks next month to discuss Seoul's demand that the two sides sign an agreement on the exemption of Social Security tax in the United States for Korean businessmen who tend to lose their tax because of short stay there, said Son.

They also agreed during the recently concluded trade talks in Washington that they will hold talks June 13-14 to discuss the revision of a record of understanding (ROU) on the sale of U.S. cigarettes in the Korean market, said Son.

South Korea demanded that Seoul should be allowed to freely impose taxes on imported cigarettes which contradicts a clause in the present ROU which stipulates that Seoul must get the approval of the United States before it raises the 460 won sales tax for each pack of cigarettes.

According to Son, the United States basically agreed to the Seoul's proposal that advertising should be restricted for American cigarettes being sold in the Korean market. The ROU presently permits unrestricted advertising for U.S. cigarette firms.

Seoul also demanded that the United States expedite its annual anti-dumping review of Korean color TV sets and that the United States refrain from expanding its anti-dumping tariffs on Korean pipelines.

Papers View Breakdown of Trade Talks With U.S.

SK0105075195

[FBIS Editorial Report] The following is a compilation of articles from ROK vernacular newspapers published on 30 April regarding the rupture of the U.S.-ROK working-level trade talks on the shelf-life period for U.S. processed foods.

The pro-government SEOUL SINMUN carries on page 6 a 900-word article by reporter Yi To-un on the ROK Government's firm stance in response to the U.S. threat to refer the issue to the World Trade Organization, WTO. The article asserts that the ROK Government's trade policy has become "bold" and that the ROK trade officials do not appear very worried about the WTO evaluation. The article quotes Son Chun-yong, second assistant vice foreign minister, saying "there will be nothing disadvantageous to the ROK even if the issue is referred to the WTO." The article notes that "the WTO regime prohibits unilateral retaliation, such as the invoking of the U.S. Super 301," and that Article 20 of the WTO treaty respects the local government's principles as far as food and health-related products are concerned. The article reports that the ROK Government will also take measures to improve frozen food distribution and refrigeration facilities, which are quite different from those of the United States, and which is the main cause of the trade dispute. Noting that two out of four complaints filed with the WTO since the WTO was inaugurated are due to U.S.-ROK disputes, the article reports that some ROK Government officials suspect the United States is making an example of the ROK to threaten other countries with unfair trade practices. Regarding the ROK Government's follow-up measures, the article reports that "aggressive measures" to raise the unfair cigarette trade of the United States is one of the measures being considered.

The moderate CHUNGANG ILBO carries a 900-word interview with Sin Myong-ho, second assistant vice minister of the Board of Finance and Economy, by reporter Nam Yun-ho. Assistant Vice Minister Nam explains the major points of disagreement regarding food and intellectual property rights issues, and states that referring the dispute to the WTO "provides an opportunity to objectively reevaluate the bilateral issue in a multilateral framework." Nam further explains that improvement of the shelf-life period and the quarantine system will continue even during the WTO settlement process, and that the ROK does not have to be too concerned about being placed on the priority watch list, which is defined by the U.S. domestic law. Nam denied there is any disaccord between the Board of Finance and Economy, the Foreign Ministry, and the Health and Welfare Ministry concerning the U.S.-ROK trade talks.

The independent moderate MAEIL KYONGJE SINMUN, which focuses on economic issues, carries an 800-word article by reporter Chang Kyong-tok analyzing the ROK Government's position on the U.S. complaint filed with the WTO. The article quotes Assistant Vice Minister Son Chun-yong of the Foreign Ministry, who said that "under the proposition of the balanced trade between the ROK and the United States, the ROK will resolutely respond to the complaint and ensure the ROK's rights and obligations as a leading member of the WTO are harmonized." The article attributes such a head-on reaction to the ROK's domestic political situation and the reevaluation of the trade negotiation strategy. The article reports that the ROK trade negotiation team is positive toward the WTO evaluation because the whole process will take about 12 to 15 months and the ROK can take its time in dealing with the dispute. The article concludes by quoting Assistant

Vice Minister Son, who said that because the ROK has decided to let the manufacturers self-regulate the shelf-life period, he expects "the dispute will be settled within the two months before a WTO panel is established."

The left-leaning HANGYORE SINMUN carries a 600-word article by reporter Kim Song-ho on why the ROK Government took a firm stance on the ROK-U.S. trade talks. The article analyzes that the ROK Government's resolute attitude is in consideration of the upcoming disputes with the United States on car imports and financial market regulations, as well as of the negotiations with other countries. The article adds that the ROK Government had to set a standard on the complaints filed with the WTO, which are expected to emerge one after another considering the fact that the ROK is the world's 12th largest trading country.

'Blind Patriotism' Viewed in Customs Clearance

SK2904020195 Seoul THE KOREA TIMES in English 29 Apr 95 p 17

[Report by Yi Chang-sop]

[FBIS Transcribed Text] The government yesterday unveiled plans to Westernize the inspection, clearance and testing of imported foreign food by June this year but it failed to mention how it will induce field inspectors and customs officials to shed an "excessive" and blind patriotism which is regarded as the real reason for trade disputes over food.

The government said it will come up with a comprehensive package of measures to improve the inspection and testing of foreign food by June after completing a wholesale review of the present process but diplomats here said unless Korean inspectors and customs agents shed their "blind patriotism," Seoul's plan to Westernize the inspection of foreign food will not work.

Government officials, after conducting an on-the-spot probe into the existing inspection and customs clearance system April 19 through 22, concluded that the existing procedures are so outdated that the government faces constant embroilment in trade disputes. At the same time it is unable to protect the health of consumers and their right to choose the best and safest imported products, if changes are not made.

They said the government will reduce the list of foreign food items subject to precision inspection. According to the joint survey by the government task force, Korea closely checks 22.6 percent of the food it imports but only 0.5 percent of this is found to be defective. On the other hand, the United States carries out close checks of only 3 percent of its food imports but finds as much as 4.3 percent of the food to be defective, according to the Ministry of Finance and Economy, the Ministry of Agriculture, Fisheries and Forestry and the Ministry of Health and Welfare.

By computerizing the customs clearance system, the government seeks to detect as much defective food as possible, they said.

The government will clearly set guidelines on classification of food items, manufacturing methods, composition of foods, distribution periods and labelling standards in a transparent way. If imported food meets these transparent guidelines, the government will not check them.

Policymakers said distribution periods are decided by self- regulation by manufacturers in the United States and Japan only sets a guideline on minimum safety standards for 23 major food items.

The government also concluded that Korea has a lack of personnel in charge of inspection and customs clearance of foreign food. On a short-term basis, existing manpower will be mobilized to inspection sites, rather than work from their offices. More modern testing and customs clearance equipment are necessary to ensure the speedy and transparent processing of imported food, government officials said.

The government will seek ways of reducing customs clearance periods by integrating import declaration and inspection applications by importers. Currently, importers must make separate reports. For customs clearance, importers must make an import declaration to the customs office and for testing and inspection, importers must go to the different testing and inspection agencies, the government said.

It will also introduce a system where-by importers can ask inspectors and customs clearance agents to review decisions which might delay the timely inflow of foreign foods and fruit, government officials said.

A task force encompassing customs agents, port administrators, and safety checking inspectors will be established for close coordination of import processing activities and computerization of the existing inspection and clearance system, they said.

The government said by the end of next month, the government will finalize its draft plan for the modernization of the imported food inspection and clearance system. In June, the government will hold a public hearing in which consumer groups, environmental groups, professors and researchers will participate to finalize the government plan.

Despite what are seen as the government's sincere efforts to institutionally modernize the customs clearance and inspection system, critics contend that Korean will continue to face disputes with its trading partners unless the "blind nationalism and patriotism of working-level inspectors changes."

A Western diplomat pointed out that Korean working-level inspectors have an unproductive patriotism which motivates them to delay or complicate the clearance of imported products. Field inspectors appear to have the "patriotic sentiment" that it is they who should "defend the nation from an intolerable offensive by alien food on the Korean agricultural, fisheries and food market," he and other expatriates said.

This arcane way of thinking frustrates foreign food importers and ultimately strips Korean consumers of the opportunity to tap cheap and fresh foreign food, they said.

This is one example showing how hollow is the Kim Yong-sam administration's globalization program, they said, adding that progress has been made in "hardware" but little progress is seen in "software," including people's way of thinking, shedding undue patriotism, nationalism and xenophobia.

The government took pains not to give the impression that it is bowing to U.S. pressure. Thus it decided to invite consumer protection groups to participate in the decision-making process.

Government Promotes Sample N-S Economic Projects

SK0105062395 Seoul YONHAP in English 0612 GMT 1 May 95

[FBIS Transcribed Text] Seoul, May 1 (YONHAP)—Both South and North Korean authorities are well poised to begin inter-Korean business links and will likely see them expedited in May.

Seoul has reportedly decided to promote sample economic projects with North Korea beginning this month, now that the major events the North had scheduled for April are over, and under the assumption that no serious crisis will take place over the reactor issue.

The administration is said to have approved Daewoo's investment in the Nampo industrial estate, which is to take place within the month, and Kohap Corp.'s clothing and bottle-making projects as well as Samsung's telephone and telecommunications project, all scheduled to take place in the North within the year.

Should Daewoo's Nampo industrial estate project be approved this month, it would pave the way for the first-ever direct investment and trade venture between the North and South since the division of the country in 1945.

An official from National Unification Board said Monday that the decision to approve the three investments in North Korea were established to help the North realize economic reform and to activate inter-Korean exchanges. If the test projects progress smoothly, economic cooperation projects with the North will be promoted in earnest starting next year, the official said.

The three investment projects are scheduled to be between 5 million and 10 million U.S. dollars.

Awaiting approval from the National Unification Board are a total of five investment projects. One of the remaining two has been submitted by Ssangyong.

Related administrative agencies such as the Finance-Economy and International Trade-Industry Ministries as well as the National Unification Board soon plan to develop extraordinary foreign exchange regulations with a view to creating a legal device that would allow for remittances and transport of equipment to the North, according to the official.

The administration plans to permit small businesses to venture into North Korea as well.

In the meantime, North Korea is also very anxious for South Korean small- and medium-sized enterprises to advance into the Rajin-Songbong free economic and trade zone.

Requested by Pyongyang to recommend five or six South Korean small-sized firms qualified to invest in the Rajin-Songbong trade zone late last year, the United Nations Development Program (UNDP) was confirmed to have submitted to the North a list of 12 such companies in March. Some of those firms recommended expect to receive letters of invitation from Pyongyang sometime this month, according to reliable sources.

North Koreans now place considerable weight on advances to the Rajin-Sonbong trade zone by smaller South Korean enterprises because major business conglomerates are reluctant to do so in view of the zone's poor infrastructure, the sources said.

Promotes N-S Sociocultural Exchange

SK0105051195 Seoul YONHAP in English 0503 GMT 1 May 95

[FBIS Transcribed Text] Seoul, May 1 (YONHAP)—Deputy Prime Minister and National Unification Minister Na Ung-pae said Monday the government would promote "inter-Korean socio-cultural exchange programs" on an individual basis, taking into account the development of inter-Korean relations, National Unification Board spokesman Kim Kyong-ung said.

Speaking at a regular morning meeting of his National Unification Board officials, he said, "There's no change in the policy of providing active support for inter-Korean exchange programs in non- political areas when the North's nuclear problem is resolved and the inter-Korean tensions are settled. But, it is not yet clear that the Geneva nuclear accord (between the United States and North Korea) will be faithfully carried out."

Concerning press reports on Stephen Cardinal Kim Su-hwan's North Korea visit, Na said his reported visit dates in April were not appropriate because both Pyongyang's International Sports and Culture Festival for Peace and the U.S.-North Korea nuclear talks were taking place during that month, adding, "As far as I know, Cardinal Kim has not yet applied for the government's approval of his North Korea visit, though North Korea reportedly expressed its intention to invite him."

As for the U.S.-proposed political meeting with North Korea, Na said North Korea had not formally responded to the proposal.

If North Korea started refueling the 5-megawatt experimental graphite-moderated reactor it would mean the breakdown of the Geneva agreement, he stressed.

The government will seek to resolve North Korea's nuclear problem through dialogues and with a strong national consensus, Na added.

Expectations for N-S Relations in May Assessed

SK0105071095 Seoul TONG-A ILBO in Korean 1 May 95 p 2

[Article by Pak Che-kyun]

[FBIS Translated Text] Government officials concerned are predicting that this May will serve as "a watershed" for North Korea's nuclear issue and South-North relations. First of all, high-level political negotiations between North Korea and the United States are expected to be held regarding North Korea's nuclear issue. Furthermore, the government has publicly announced that it will actively allow civilian exchanges between the South and the North, including exchanges between religionists in the South and the North beginning this month, thereby showing the possibility of an opening in South-North relations.

When the Berlin negotiations on the light-water reactors ended last month without any tangible results, the United States proposed to North Korea that high-level political negotiations—talks between U.S. nuclear ambassador [title as published] Robert Gallucci and North Korean Vice Foreign Minister Kang Sok-chu—be held.

North Korea has hinted that it will accept the proposal for the resumption of negotiations on the condition that ROK-style Ulchin Nos. 3 and 4 reactors which the United States have proposed, be remodeled into U.S.-style light-water reactors.

Nonetheless, ROK and U.S. officials concerned are relatively optimistic about the idea of holding high-level negotiations this month. This is because "the condition" put forth by North Korea for the holding of negotiations, sounds relatively flexible when compared with North Korea's attitude. In particular, the ROK and U.S. officials believe that if North Korea had no intention to accept the proposal for the negotiations, it would already have reloaded its atomic reactor in Yongbyon with fuel.

If negotiations are held this month, it will become clear, by the end of this month at the latest, whether or not the ROK-style light- water reactors will be chosen. Officials at the relevant government agencies, such as the Ministry of Foreign Affairs and the National Unification Board [NUB], believe that they will soon be able to chart a future course, and that they are at the fork in the road of whether the Geneva agreement will be implemented or not.

In any case, the ROK will still be left out of the negotiations process. Therefore, it is also likely that friction will again surface between the ROK, which asks to be given "a role in the negotiations" that corresponds to its share of the burden of the construction cost for the light-water reactors, and the United States, which is party to the negotiations. In connection with South-North exchange, high-level government officials, including deputy prime minister and minister of national unification, Na Ung- pae, have repeatedly made public its policy of actively allowing civilian exchanges beginning in May since it was highly likely that North Korea would take advantage of the visits by ROK citizens in April, by having them attend the many scheduled political events, including Kim Il-song's birthday and the Pyongyang international sports and cultural festival.

In this connection, it has been learned that ROK religionists such as Cardinal Kim Su-hwan, have filed applications with the NUB, through direct or indirect channels, to visit the North. Also, business representatives who previously traveled to North Korea have already applied with the government to visit North Korea to follow up on their economic cooperation efforts.

In revealing his policy on this issue, Deputy Prime Minister Na said: "As long as the nuclear issue does not cause a situation of extreme tension, we will approve applications to visit the North." Meanwhile, it is true that working-level government officials who deal with the North, have expressing their concern by saying: "It is difficult to allow everyone to visit the North in circumstances in which we are unsure about the outcome of negotiations on the nuclear issue." In addition, some experts note that ROK domestic politics will affect South-North exchanges to some extent, and that the June elections for local autonomous governments will thus act as a variable. Nonetheless, fair winds are expected in future South North relations.

Testimony by Former NSP 'Secret Agent' Defector

SK3004055295 Seoul MAL in Korean May 95 pp 76-81

[Article by Mun Myong-cha (Julie Moon), editor-in-chief of U.S. ASIAN NEWS: "Testimony by Son Su-chol, 'Secret Agent of the Agency for National Security Planning' Who Defected to the North"]

[FBIS Translated Text] I visited North Korea from 21 to 27 March to report on North Korea's Najin and Sonbong free trade zone. The purpose of my trip was to examine the present condition of the advancement of U.S. companies in Najin and Sonbong, including the (Stanton) Group which is busy preparing for the construction of a thermal power station in Najin following the conclusion of an official contract. After finishing my second visit to Najin and Sonbong, I returned to my lodging in Pyongyang on the evening of 23 March and turned on the television set and was met with surprising news. A Son Su-chol, who ran an agricultural trade company called Samwon Trading Company Ltd. in South Korea, had 'defected' to the northern half of the Republic and held a news conference. It was being reported that this news conference would be televised soon.

This was not my first time to see a defector to the North hold a news conference in Pyongyang. Just like North Koreans who defected to South Korea, South Koreans who 'defected to the North,' always had a habit of groundlessly overstating the motive of their defection and the actual situation of South Korea. Therefore, my frank feelings were that wherever they defected, I did not have that much confidence in their words and deeds.

At any rate, I decided to watch Mr. Son Su-chol's news conference. Mr. Son is 48 years old. I do not know if he practiced a lot, but he had a perfect Seoul accent. There were about four to five sheets of paper on the table that seemed to be his manuscript, but he hardly looked at them and answered questions.

For the motive of his defection he revealed: "Out of greed to expand my business I met with North Korean people without receiving permission. Because of my vulnerable point, I had to write a memorandum and started to work as a spy of the Agency for National Security Planning [NSP]. Therefore, I defected to the North because I felt that I was being threatened." He stated in detail the content of his activities as an NSP agent in Shenyang City and Dandong City, China. It can be summarized as 'gathering North Korean intelligence,' 'creating a basis for a pro-South Korean circle among the Koreans residing in China,' and 'operations to attract North Korean residents to defect to South Korea.' While listening to his statement on his activities to fulfill these goals, I judged that there was considerable reality in his testimony. I confirmed similarities in his testimony with interviews I conducted during the past several years with Korean intellectuals residing in China, businessmen, and ROK businesses that advanced into Beijing and three provinces in Northeast China. ROK businesses that have advanced into China up until now frankly expressed that it is almost impossible to succeed in business in China without the NSP's influence.

After watching Mr. Son's news conference for about an hour, I immediately requested a recording of the news conference from the Central Broadcast Network and interviewed reporters and officials who had participated in the news conference to gather additional information on the time from Mr. Son's defection to the North to his news conference. If possible I wanted to meet Mr. Son directly, but I decided to wait for the next opportunity due to my busy schedule.

Let us first examine Mr. Son Su-chol's motive for defection to North Korea, as he revealed.

Mr. Son was born in Yonbaek County, Hwanghae Province (then the territory of South Korea), and lived in Chonju until his defection. He and his wife have three daughters and one son. He moved to Seoul with his father when he was two and graduated from Chungang University. His father ran a biscuit plant and was well-off. After his discharge from the Army, he ran a book store and a computer school. In the latter half of 1989, he got a position as the managing director at Taemyong Trade Incorporated, a company that deals with agricultural products. That was when he became a secret agent for the NSP.

As the managing director of the trade firm, he visited China on several occasions and during his business talks with Chinese counterparts, came to have the opportunity to meet North Korean people. That was right after the No Tae-u regime's announcement of the policy for revitalizing North-South economic exchange. Therefore, he vigorously pushed ahead with business talks both in Beijing and Shenyang in order to acquire a trade channel for high-quality North Korean products, including songi mushrooms. Eventually in late February 1991, he had business talks with North Korea for the purchase of songi mushrooms at Phoenix Hotel in Shenyang through the introduction of Yi, president of "Kichiu Trading Firm," which is affiliated with the General Association of Korean Residents in Japan [Chongnyon]. Out of a desire to sign an exclusive contract, he rashly pushed ahead with the contract before acquiring the approval from the National Unification Board.

However, Mr. Son learned later that his activities were already observed by the NSP's information network by then and that, not only his firm, but also his house were bugged. A shadower even followed him wherever he went. All his phone calls and faxes were tapped and were later presented as evidence of his espionage activities.

Around 25 April 1991, he was forcibly taken by a figure named Yun Kyong, who was the head of the North Korea desk in the NSP, and his agents. The place where he was taken to was "My Way" Restaurant on the second floor of the Astoria Hotel, which is located beneath Mt. Nam in Seoul. In the room, there was an aged man sitting on a sofa and Mr. Son discovered later that he was Sin Chang-kyun, bureau director of the NSP.

In this room, Mr. Son was pressed for "his espionage activities" in a fearful atmosphere and he was deathly afraid. As "the only way for survival," he wrote a memorandum as follows: "I, as the managing director of Taemyong Trade Incorporated, present a memorandum that I will actively cooperate in the overseas (China) project pursued by the NSP during my visits to China and I am willing to submit myself to any criminal punishment in the event I refrain from such activities without a sound reason." Then, he became a secret agent for the NSP.

After this, in late June 1991, Mr. Son received such basic espionage education as "the basis of information," "the ways to handle objects," "the ways to induce others into talking," and "the handling of information and ways to secure them," from Yun Kyong at the Seoul Tower Hotel, Hangang Hotel, Yongdong Hotel, and Nam Seoul Hotel. From July 1991, he was engaged in secret maneuvers as a secret agent dispatched to China.

His first mission was to obtain North Korean books and buy off and contrive to win over employees of the North Korean Consulate in China, Korean citizens in China, and Koreans residing in China. Since it was his first mission, it was not done appropriately. Nevertheless, the NSP applied emotional pressure on him for not carrying out the work well. Also, his business was not operating well because he had to run his business in addition to fulfilling the NSP's order. He even had to resign from his employment at the Taemyong Trading Company. Without a job, his mental stress increased and he even had symptoms of a nervous breakdown, such as being absent-minded and talking in his sleep. He appealed to Sin Chang-kyun to let him stop working, but he only received threats.

From this time on he posed as 'president of the Samwon Trading Company Ltd.,' and became an NSP agent receiving a monthly salary.

To make things worse, the secret espionage network set up in China was revealed. In the process of handing over North Korean books and material to the NSP in China, intelligence had leaked from the secret espionage network. Yun Kyong was hurriedly dispatched to China and reproached about the incident with threatening and blackmailing: "If you make even a single statement that you are connected with us, you are finished. Do you know how Wang Yu-i died?" The Wang Yu-i whom Yun Kyong is talking about was in the automobile sales business in China. Mr. Son had thought that he had died in a car accident in Urumqi. However, that was not the case after listening to Yun Kyong. Mr. Son could not but be in agony thinking: "If I do something wrong, I may face the same fate as Wang Yu-i."

Yun Kyong ordered Mr. Son to move the basis of his activities to Dandong. While in Dandong for a month, he was given orders continuously. Their content was: "Establish a basis and expand the espionage network; form a pro-ROK organization and secret organization among Koreans and Chinese residing in Dandong; establish a plan to destroy North Korea, assassinate, and kidnap figures and report on it; and after secret investigations on North Korea's long-range missile production according to class, report on it."

Even though over two months passed while Mr. Son was in Dandong, he did not carry out substantial work regarding the orders made by the NSP. A secret inspector continued to watch over Mr. Son. He had to spend each day in terror due to living as a secret espionage agent every day and under the sense of danger that the NSP might kill him any day. He naturally began to ponder weather he could free himself from this kind of life and find a road for him to live a life worthy of a man.

While reading books from North Korea in the process of gathering intelligence, Mr. Son came to realize that the reality he knew of North Korea was completely different, and he began to have doubts about the propaganda by the NSP. Thus, "his mind went from one end of the spectrum to the other end." Since then, he unconditionally read books from North Korea under the justification of gathering intelligence and while listening to discussions by overseas fellow countrymen who visited North Korea, his yearning for North Korea increased, and at last he decided to defect to North Korea.

The first question they asked Mr. Son was, "Roughly how many people are operating as NSP agents in the various regions of the PRC?"

Mr. Son replied: "There are many NSP operatives in various cities such as Beijing, Shanghai, Tianjin, Shenzhen, and Guangzhou as well as in cities of the three northeastern provinces, namely Shenyang, Yanji, Hunchun, Tonghua, Jilin, Wuhai, and Tandong. In Shenyang, Yanji, and Tandong, the NSP planted many traders who buy and sell farm produce and industrial products; in the three northeastern provinces, NSP operatives or secret agents are forming an anti-North espionage base, conducting espionage and stratagem offensives against the North." As for the specific number of operatives, Son claimed: "In the three northeastern provinces, there are over 1,500 joint venture businesses, solely-invested businesses, company branches, cultural exchange centers, and religious organizations. These are where the NSP operatives and secret agents are engaged in espionage under assumed identities. NSP agents operate in all the offices of large business corporations in the three northeastern provinces, each of which has over 30 staff members." He continued: "NSP agents operate in tourist groups, among visiting relatives, and in various delegations. Minister Choe Sung, Counselor Shin Ui-kyun, Counselor Hong Song-ho, and First Secretary Tu Min-kyun of the ROK Embassy in Beijing are NSP operatives under the guise of diplomatic identity. The number of NSP operatives and secret agents in the three northeastern provinces is increasing."

It is no secret that the North and South are engaged in a fierce espionage war with each other in the PRC, particularly in the three northeastern provinces. An ROK businessman I met in Beijing confided to me: "It often happens when we do business with the North Koreans that we have to contact them more than the government approves in order to secure business beforehand. After doing business in this manner in the three northeastern provinces, and reporting it to the relevant authorities upon returning home, I often found they were already aware of it. It seems the authorities check every movement of those who do business with the North."

I was able to confirm with an ROK Government official Mr. Son's statement that NSP operatives are on the increase in the three northeastern provinces. In the wake of President Kim Il-song's sudden death in July 1994, the ROK press daily spread rumors about the uncertain succession of power in the North; indeed, the government seemed to be hoping for such a problem. I happened to meet an ROK Government official and criticized the government for its inability to collect information about the North. He replied: "When we had inter-Korean high-level talks, we came to have quite a few channels of communication with the North so we could obtain quite a bit of news from these channels. Now that inter-Korean relations have worsened following President Kim Il-song's death, those channels have been cut off completely, compelling us to rely only on NSP-provided information. Therefore, we are intensifying our activities to increase the credibility of the NSP information."

What interested me most while listening to Mr. Son Su-chol's story was the details of his activities. Let us look into the activities of his collection of intelligence about the North. The intelligence he was instructed to collect was information about North Korean publications, books, and goods; North Korea's political, economic, military, and cultural conditions; government policy; residents' sentiments; deployment of armed forces; materiel; military power; the names and personal data of the personnel of the North Korean consulate in the northeastern region, the composition of North Korean trading companies and their trade transactions, the North Korean officials making field trips to this region, and the personal data of those who visit relatives here. In the case of the personal data of the North Korean consulate officials, Mr. Son was instructed to collect information about their educational and occupational experiences, whether they have previous experience in serving in other DPRK missions abroad, their hobbies, and their impressions.

According to Mr. Son, there are various ways of collecting intelligence. The basic tactic is to win over the target persons by giving them money and goods so they will become spies or watchers for the NSP. The NSP operative invites the target person to a secret place, has him drink, gives him money and gifts, and gives him a woman to hook him. The targeted persons are Korean residents in China, Korean Chinese traveling between China and North Korea, personnel of foreign missions in China, employees of North Korean trading firms in China, Chinese who lived in North Korea, and North Korean residents who came to China to visit their relatives.

The NSP often boastfully states: "Operatives are more important than satellites." The NSP claims that its intelligence gathering capability against the North through their agents is better than the CIA, which is equipped with spy satellites and modern communications wiretapping equipment.

I had an opportunity last year to talk to a Korean Chinese who claims to have worked for the ROK NSP (he must be a low-level operative). He said that he entered Pyongyang with a visa disguising himself as a businessman doing North Korean-Chinese joint venture business. He said that Pyongyang was a place where one can hardly gather intelligence with one entry. In the Koryo Hotel, where he checked in, the door could be locked from outside, while he could not lock the door from inside. So he could hardly do anything in the room because he was scared.

Mr. Son said he himself won over these "watchers" and gathered intelligence from the North, and I think his statement is credible.

Another noteworthy remark he made was one about the tactic of separating and alienating Korean Chinese residents in the northeastern region. The tactic is to collect and analyze the composition and inclination of Korean Chinese residents in the region where the NSP operatives are stationed, as well as their ancestors' permanent address in Korea, their relatives' address, and other North Korea-related data in order to make the pro-North residents convert into pro-South residents. The first mission Mr. Son was given after the establishment of diplomatic relations between the ROK and China in July 1992 was to grasp the proportion between pro-North and pro-South Korean Chinese and create an atmosphere for the pro-North residents to convert to form pro-South cultural organizations. So some 2,000 secret agents in this region are giving out money and goods, playing obscene songs, audio and video tapes, creating fantasies about capitalism; and are wining over and appeasing targets, saying that they will be able to visit their homes in Korea, go sight-seeing, and do business. By forming pro-ROK organizations, such as various types of resolution associations and friendship associations, the NSP is obstructing the pro-North compatriots' reunification movement.

As a result, the antagonism between pro-ROK and pro-North Korean circles has been further heightened in ethnic Korean societies in the PRC. Thus, people living in Korean societies on (Xita) Street in the Heping District as well as in Sujiatun in Shenyang pretend not to know each other, even if attending a neighbor's funeral ceremony, in case they realize they are different from each other. Even the children of those from pro-North Korean and pro-ROK circles fight each other. This has become a major problem in Korean societies in the PRC.

Because of PRC Leader Deng Xiaoping, this writer began to cover news about Yanbian in 1980 even though the bamboo curtain remained closed. Since then, various situational changes have occurred, including the collapse of the East European bloc and the establishment of

ROK-PRC diplomatic relations. As a result, the so-called public sentiment among Korean nationals in the northeast provinces has moved favorably toward supporting the ROK. It seems as if this writer lives in another age. The basic cause of this phenomenon may originate from the "practicality" that "one can make money only if one becomes friendly with the ROK." Hearing the false rumors about North Korean affairs that are spread in a timely manner throughout the Korean ethnic societies where there is no way to obtain news from outside, other than news from the government-operated media, and witnessing the activities to expand pro-ROK circles by cultural organizations and friendship associations that have sprung up like mushrooms after a rainstorm, this writer was able to sense the agent's operation in that area. I heard about a violent incident that took place in one Korean ethnic society as a result of fund distributions sent by the ROK.

However, the case referred to by Mr. Son Su-chol that came from his high school classmate, an agent of the NSP, was the first case of which I had ever heard. Among his schoolmates, there is a person named Chu Kang-hui. Mr. Son stated that Chu Kang-hui is an agent of the NSP who acts according to secret orders in the northeast provinces, carrying a business card naming him as the "Managing Director of the Northeast Development Corporation." Chu boasted to Mr. Son that he received a great amount of money from the ROK as compensation for his great job performance. His job performance is truly amazing. Mr. Son stated: Chu Kang-hui taught informers who were bribed to spread false rumors throughout Korean ethnic societies that "reunification is difficult" and "war will break out instead of reunification." After this, he instructed his informers to attack the Reunification Study Hall operated by the pro-North Korean circles at midnight and set it on fire, then claim "pro-ROK organizations set the fire." After attacking a warehouse owned by pro-ROK circles, Chu then circulated rumors that this act was conducted by pro-North Korean circles. As a result, a major fight broke out between the two sides. After creating such a fight, Chu encouraged the pro-North Korean circles, saying "be careful about a possible retaliation from the pro-ROK circles," while cunningly warning the pro-ROK circles that "they should be the first to attack the pro-North Korean circles since people from the pro-North Korean circles may attack first." As a result, the two sides fought each other using sticks, agricultural tools, and knives, seriously injuring over 20 people who were either stabbed or cut. Son stated that Chu Kang-hui fabricated such operations because he believes it is easy to expand the forces of the pro-ROK circles when overseas Korean compatriots fight, breaking up the unity of the pro-North Korean organizations.

Of course, it is not easy to confirm this story as true because Mr. Son heard it from Chu Kang-hui. However, this writer will visit the area in which Chu Kang-hui created these problems in order to verify the background of the incident.

The last conspicuous part of Mr. Son's testimony indicated that "the NSP carries out operations to kidnap North Korean leading figures and makes them defect to the ROK." Mr. Son stated the NSP recently established in July 1994 a "PRC Operational Department" in its 2nd Bureau for International Affairs, and under this department established six operational teams. The NSP also organized a Defection Operational Section and a Defection Operational Team in both the ROK Embassy in Beijing and its General Consulate in the PRC. He added that since then, the NSP has sent emergency instructions to its agents and spies in the northeast provinces regarding the defection and abduction program, saying it sent similar emergency instructions when North Korea announced a quasi-state of war as well as during Pyongyang's withdrawal from the Nuclear Nonproliferation Treaty.

As regards a defection operation, one writer confirmed it on many occasions. Agents asked ROK businessmen and Korean residents in the PRC of the whereabouts of the son of the late O Chin-u, minister of the Ministry of the People's Armed Forces, when rumors spread throughout the country that his son had defected to the PRC. A Korean-American minister in the northeast provinces who takes care of 10 escapees from North Korea complained: "Even if I beg the NSP to accept escapees from North Korea who served as workers there, and who I am now taking care of, they refuse to take them into the ROK. Nevertheless, they desperately look all over the PRC for defectors from North Korea if they hear there are some defectors from North Korean leading circles."

The case of Kang Myong-to, who was the focus of attention last year, is similar to the above-mentioned case. Mr. Chong, a Korean national and president of a company that runs a business in Beijing, stated: "Kang Myong-to's intent to defect to the ROK was disclosed when he squandered a great amount of money in Yanbian, claiming he received the money selling used cars, displaying no fear as he did so." He also stated: "Kang Myong-to shouted that his second wife is the daughter of a close relative to Premier Kang Song-san. These remarks were made only by him. No one listened at the time. I don't know if ROK citizens approached him after hearing it, but soon he got along well with them. Kang Myong-to's association with ROK citizens was disclosed a year before his defection to the ROK was announced."

Furthermore, Mr. Son stated: "By bribing senior officials of the PRC Government, relevant military officials, businessmen, and students, the NSP collects various material related to PRC defense material, business management, intellectual property rights, the introduction of technology, and the human rights situation, then transfers that information to the United States." He added: "At a reception arranged at a Japanese Restaurant in Kangnam, Seoul, before departing the ROK in August 1994 to carry out his mission, NSP Bureau Chief Sin Chang-kyun said the ROK Government is very satisfied with the great contribution of Chinese workers, making it possible for the United States to conduct an offensive against the PRC." He made these remarks to a drunk.

While listening to Mr. Son's testimony on China, what crossed my mind was an article I read in a Chinese newspaper that reported that a Korean ethnic businessman in China went to prison after it was discovered that he secretly stole 'internal documents' that high-ranking officials surpassing the level of central party section chief would receive, after buying off a Chinese official. If Chinese officials secretly sell internal documents to the outside, they not only suffer criminal punishment, but they also receive grave punishment, such as being deprived of their political rights for life. In particular, stealing secret internal documents issued by the CPC from high-ranking officials is very difficult. At times, children of high-ranking Chinese officials who are influenced by mammonism are bought off by Japanese reporters, thus they steal the internal documents. However, when they are caught, the Chinese Government and people are very annoyed.

When I went to the Central Broadcast Network to obtain the recorded tape of Mr. Son's news conference, a reporter who had participated in the news conference said: "China is responding to the content of Mr. Son's news conference very sensitively."

While viewing the last part of Mr. Son's news conference in which he criticized President Kim Yong-sam, I was rather bitter. I could understand why Mr. Son criticized President Kim Yong-sam for the merger of the three parties, opening the rice market, and upsetting the promise to clarify the 12 December incident. However, it was not pleasant to hear him pronounce 'kwangwang (tourist) city' as 'kanggan (rape) city' or criticize President Kim Yong-sam as 'stupid' and an 'idiot.' When 'defectors' from North Korea held news conferences at the Seoul Press Center, I recalled that they habitually violently criticized Secretary Kim Chong-il as a 'sex fiend,' one who has an 'abnormal character,' and as 'an epileptic.' How can they say one is an 'idiot' and has an 'abnormal character?' What a foolish game this is.

While DPRK-U.S. relations have developed vigorously, South-North relations have been cooling since July 1994. At a time when the South and North must dissolve such a confrontational situation and seek reconciliation, according to Mr. Son's testimony, the NSP, exceeding simple espionage activities, is ultimately planning to carry out maneuvers to collapse the North Korean regime. Moreover, when viewing the 5,000-year history between the ROK and China, Korean ethnics in China must unite as one more so than anyone else. Driving them toward confrontation and antagonism of pro-South and pro-North is an act that cannot by any means be overlooked from the viewpoint of national conscience.

In the foreign news columns in 7 April editions of Japanese newspapers, there was a short report on defector Kang Myong-to. After his name it wrote: 'He calls himself son-in-law of North Korea's Premier Kang Song-san.' With the remark "North Korea possesses five nuclear bombs," he made the NSP a laughing-stock of Washington. His claim that he is Premier Kang Song-san's son-in-law is making, not only the NSP, but all the Korean people a laughing-stock in Tokyo.

A news conference was held by an NSP agent who 'defected to the North' in the early 1990's at Pyongyang's People's Palace of Culture, when the South-North premier talks were being held. Throughout the news conference he exposed the NSP's operation to collapse the North Korean regime. What is today's flabbergasted reality is to call this year the 'first year of reunification.' Through Mr. Son's episode, I earnestly hope that South Korea's highest leading class will sincerely take pains to find the road that we must move toward for the whole nation's interest.

Foreign Minister Meets With Japanese Lawmakers

SK0105065895 Seoul YONHAP in English 0651 GMT 1 May 95

[FBIS Transcribed Text] Seoul, May 1 (YONHAP)—Foreign Minister Kong No-myong met with a Japanese parliamentary delegation over lunch Monday to exchange opinions on a variety of bilateral issues, Foreign Ministry spokesman Yu Kwang-sok said.

During the meeting with the nine-member delegation from the Liberal Democratic Party (DLP) led by Yamazaki Taku, chairman of the Diet Policy Committee, Kong stressed the need to maintain close cooperation between South Korea, the United States and Japan on the North Korean nuclear issue, Yu said.

Yamazaki, meanwhile, said that he was trying to make the Japanese parliament adopt during the current Diet session a resolution calling for the Japanese Government not to engage in any war, according to the spokesman.

The nine Japanese lawmakers, all of whom belong to the Diet Policy Committee, arrived here Saturday and will leave the country Wednesday after meeting with Yi Ki-taek, president of the Democratic Party, Kim Chong-pil, leader of the minor opposition United liberal Democrats and Chairman Kim Yun-hwan of the Friendship Association of Lawmakers from South Korea and Japan.

Government Decides on Antiterrorist Task Force

SK2904013795 Seoul THE KOREA HERALD in English 29 Apr 95 p 2

[FBIS Transcribed Text] The government decided yesterday to tighten antiterrorism measures, moving to set up an antiterrorist task force and intensifying security at public facilities such as airports and subways.

To counter a possible mimicry of the terrorist attacks in the United States and Japan, the government would reinforce security guards at key government facilities and intensify checks at public places such as ports, airports and subways, officials said.

The government will decide soon whether or not it will establish a police task force in Pusan and South Cholla Province.

At the same time, the officials said the government will launch antiterrorist drills, while increasing controls on guns and explosive materials.

The decision came at a meeting between government ministers and the ruling Democratic Liberal Party leadership when a gas explosion occurred at a subway construction site in Taegu, killing more than 100 people and injuring over 270.

National Security Monitoring Team Explained

SK0105012095 Seoul YONHAP in English 0116 GMT 1 May 95

[FBIS Transcribed Text] Seoul, May 1 (YONHAP)—A national security monitoring team comprising working-level officials of related government agencies will be established at Chongwade [presidential offices] to check the nation's security situation around the clock, and to develop security measures, a Chongwadae official said Monday.

The presidential office is also considering enlarging and promoting the security monitoring team to a level similar to the U.S. Defense Department's security situation office, according to the official. The working-level officials to be assigned to the team will come from the National Unification Board, Foreign and Defense Ministries and the Agency for National Security Planning (NSP).

He explained that Chongwadae decided to place the team at the office of the senior secretary for foreign affairs and national security to monitor the nation's security situations at home and abroad 24 hours a day, and also to provide analysis on the Korean peninsula's situation involving the light-water nuclear reactor issue.

President Visits Scene of Taegu Gas Explosion

SK2904090095 Seoul YONHAP in English 0855 GMT 29 Apr 95

[FBIS Transcribed Text] Taegu, April 29 (YONHAP)—President Kim Yong-sam on Saturday [29 April] afternoon visited the tragic scene of Friday's gas explosion in this city and instructed officials concerned to take the best possible measures for the rescue operation and prompt settlement to the country's worst subway construction site accident.

President Kim said the government will soon work out special aid programs for the victims and residents suffering from the disaster in addition to the already-instructed devices of government's tax and financial assistance.

Kim disclosed the government will also seek ways to subsidize the national treasury for rehabilitating and completing the section of the subway construction accident.

He said additional financial aid program will be sought so that the economy of Taegu should not be seriously affected by the mishap.

Under president's order, the government plans to increase the maximum amount of bank loan for people's livelihood stabilization from 30 million won to 50 million won for each family of this city suffering from the gas blast.

In addition, the government is to furnish fund up to 30 million won to the families whose houses were damaged by the powerful gas explosion.

Urges Disaster Prevention Measures

SK2904025195 Seoul YONHAP in English 0242 GMT 29 Apr 95

[FBIS Transcribed Text] Seoul, April 29 (YONHAP)—President Kim Yong-sam said Saturday that the government should do its best to prevent another disaster like the gas explosion on Friday in Taegu from happening again.

Presiding over a senior secretaries' meeting at Chongwadae [presidential offices] Kim said, "Sharing the sadness of bereaved families of the victims of the gas explosion, we should devote all our energies to finding out the exact cause of the disaster, as well as try to return everything to normal as soon as possible. And we should make every effort possible to prevent a recurrence of this kind of disaster."

The gas explosion which occurred in the downtown section of the southeastern city of Taegu, South Korea's third largest city, during Friday morning's rush-hour killed at least 98 people and injured 143. Three are missing.

President Kim said that the most urgent problem now is to reform people's thinking to be more safety conscious.

Meanwhile, Pak Sung-tal, senior presidential secretary for governmental affairs, said that the cause of the disaster may be discovered Saturday. "The government will comprehensively work out measures to compensate the victims after finding out the exact cause of the gas explosion."

Three Employees Arrested for Causing Explosion

SK2904123695 Seoul YONHAP in English 1232 GMT 29 Apr 95

[FBIS Transcribed Text] Taegu, April 29 (YONHAP)—The prosecution and police, jointly investigating into the cause of Friday's [28 April] deadly gas explosion in

Taegu, arrested three employees of a local drilling company Saturday night on suspicion of having ruptured the city gas pipeline, thereby causing the huge gas leakage and blast.

Investigators said that the workers are suspected of accidentally damaging the gas main while drilling the ground for the construction of a department store adjacent to the tragic site of the subway construction.

The three arrested are employees of the Pyojun (Standard) Development Company contracted to undertake the drilling and excavating works underground for the shopping store. They are drilling worker O Myong-ku, 35, Foreman Chong Kye-sok, 35, and team leader Song Kyong-ho, 37.

The joint investigators are also questioning the presidents of the drilling company and two other construction companies about their negligence of the safety regulations. The construction companies—Ushin and Taebaek—are currently contracted to undertake works for the subway and the department store, respectively.

Officials of the Taegu City Gas Company are also under examination by the prosecution and policy, according to the prosecutors.

Gas Explosion Deals 'Another Blow' to Government

SK2904011395 Seoul THE KOREA HERALD in English 29 Apr 95 p 2

[FBIS Transcribed Text] The gas explosion in Taegu dealt another blow to the ruling camp which is already tarnished by a series of glaring accidents in Seoul last year.

The government and the ruling Democratic Liberal Party (DLP), shocked by the accident, were engrossed in coping with the accident.

President Kim Yong-sam yesterday instructed the administration to mobilize "all possible means" to minimize damages in the wake of the accident.

President Kim said the administration should take the best possible course of action to ascertain the exact cause of the disaster and to take follow-up measures.

"It is very regrettable that a tragic accident took place again. In particular, the death of many young students pains me," Kim said after being briefed by Prime Minister Yi Hong-ku on the gas explosion.

Premier Yi and Home Minister Kim Yong-tae visited the accident site earlier in the day.

Premier Yi apologized to the nation in a statement issued after an emergency meeting of cabinet ministers.

"The government will do its best to prevent the recurrence of such a tragic accident," Yi said.

The administration also set up an anti-disaster center to provide financial and medical services to victims of the tragic accident.

The Democratic Liberal Party sent a fact-finding team to Taegu, the nation's third largest city, to determine truth about the tragic accident.

Ruling DLP Chairman Yi Chun-ku and Rep. Kim Yun-whan, first state minister for political affairs, rushed to the scene of the accident offer condolences.

Some DLP officials are worried that the tragic accident may affect the outcomes of the June 27 local elections.

"The accident may add fuel to sentiments among Taegu voters against the incumbent government," a DLP official said.

The Kim Yong-sam government has reportedly maintained a low popularity rating in Taegu since some politicians representing the city, the power base of former Presidents, were prosecuted for corruption in 1993.

The main opposition Democratic Party President Yi Ki-taek also hurried to Taegu leading a fact-finding team. The opposition party attacked the government when it said in a statement that the accident resulted from relaxed discipline in officiating.

"We feel angry over the government. It is unimaginable that such an accident took place despite President Kim's repeated emphasis on safety checks on major public facilities," said Rep. Park Chi-won in the statement.

He also said the government should recognize that the people are growing restless because of the frequency of big accidents.

The Taegu accident is the latest in mishaps which have gripped the nation since the inauguration of the Kim government in early 1993.

Last December, a similar gas explosion in a residential area in central Seoul killed a dozen of people and destroyed many houses.

Before this accident, over 30 people were killed last summer when a section of a Seoul bridge connecting southern and northern parts of the capital collapsed.

President Kim apologized to the public for the unprecedented bridge collapse and promised to prevent recurrences of similar accidents.

Effects of Explosion on Elections Considered

SK3004015095 Seoul THE KOREA TIMES in English 30 Apr 95 p 2

[FBIS Transcribed Text] Ruling Democratic Liberal Party [DLP] officials were racking their brains yesterday to minimize the possible effects of the Taegu gas explosion on the June 27 Local election as it is almost certain that the tragic accident will heighten sentiment against incumbent government among voters in the area.

The Kim Yong-sam government has reportedly maintained a low popularity rating in Taegu and adjacent North Kyongsang Province as some politicians representing the area, the power base of former presidents, have been prosecuted for corruption since President Kim took office.

To start, DLP leaders stressed that the disaster and the coming local polls are two different things.

Rep. Kim Tok-ryong, secretary general of the party, said, "I have never analyzed the political effects of accidents on the outcome of the June elections."

Plan To Make Explosion 'Hot Political Issue'

SK3004003995 Seoul THE KOREA HERALD in English 30 Apr 95 p 2

[FBIS Transcribed Text] The main opposition Democratic Party (DP) plans to make a hot political issue of the Taegu gas explosion in the special National Assembly session, which is to open tomorrow.

DP leader Yi Ki-taek said yesterday that the party is ready to grill the government over the tragic accident.

But Yi refused to comment on the impact of the accident on the outcome of the upcoming local elections.

The accident is widely expected to serve as a negative fallout to the ruling party's chances for the June 27 local elections.

Instead of making efforts to work out basic measures to prevent such a disaster, the opposition party used the Taegu accident to attack the government.

DP spokesman Pak Chi-won insisted that the Information Ministry instructed the electronic media not to allocate much time to reporting the accident in consideration of its impact on the local elections.

He also found fault with the government's globalization policy, saying, "Is this a globalization campaign to follow accidents which occurred in the United States and Japan?"

Former DP leader Kim Tae-chung also commented on the gas explosion before departing to the United States earlier in the day.

"The accident resulted from the government's inability to manage state affairs," Kim said.

"There would have been no such a disaster if the government conducted thorough safety checks on major public facilities," he deplored.

Rep. Kim Chong-pil, leader of the new conservative opposition party, the United Liberal Democrats [ULD], meanwhile, visited the accident scene with senior officials of the ULD.

Kim said the accident bears witness to the government's incompetency.

Kim directed the ULD to delay its planned rally Monday to set up a party's local district chapter in Taegu.

Repair Work on Power Facilities Begins in Taegu

SK2904022495 Seoul YONHAP in English 0208 GMT 29 Apr 95

[FBIS Transcribed Text] Taegu, April 29 (YONHAP)—Over 100,000 residents living in the surrounding area of Friday morning's gas explosion in Taegu which claimed at least 98 lives are without water and gas for the second consecutive day Saturday, as the blast fractured the water and gas conduits in the area.

But the damaged power and telephone lines to the area have been repaired Friday evening.

The city's emergency operations center decided to pay "comfort money" amounting to 1 million won to the families of each victim killed in the accident and 300,000 won to each injured victim.

But legal compensation for the victims will be decided when the cause of the explosion is determined.

Ssangyong Group Chairman Kim Sok-chun donated 300 million won to the emergency operations center, followed by donations of 50 million won by Woobang Co. Chairman Yi Sun-mok and 30 million won by Pusan Mayor Kim Ki-chae.

In hospitals, blood donors formed a queue after the media reported that hospitals needed blood to treat those injured in the accident.

Repair work on the 300-meter section of temporary steel roadway covering the subway tunnel that was blown up in the explosion has been restored to 60 percent of its original status as of 7:00 AM Saturday, and it is expected to reach 100 percent by Thursday next week.

The joint prosecution-police investigation team has summoned 30 people related to the explosion for questioning in hopes of determining the cause of the blast, and they have also examined the subway construction pit where the blast occurred to find out where gas leaked from the pipeline passing through the pit.

Dailies Comment on 28 Apr Gas Explosion in Taegu

SK0105045795

[FBIS Translated Text] The following is a compilation of editorials carried in 29 April Seoul vernacular dailies on the gas explosion that took place in Taegu on the morning of 28 April.

The conservative CHOSON ILBO carries on page 3 an 800-word editorial expressing frustration at the repetition of large-scale disasters that have taken place in recent years, including incidents involving a train, an airplane, a pleasure boat, a bridge, and a gas explosion in a residential area in Seoul. The editorial blames the preposterous calamity in Taegu on "the lack of information on subterranean facilities and on the primitive nature of the management and administration of such facilities."

The moderate HANGUK ILBO carries on page 3 an 800-word editorial also expressing bitter grief and indignation over the gas explosion in Taegu, while criticizing those involved for a lack of sense of safety, for a rudimentary way of carrying out relevant construction projects, and for a structural irrationality under which the subway project in Taegu was subcontracted.

The pro-government SEOUL SINMUN carries on page 3 a 600-word editorial stressing the need to call to account those involved in relevant gas and construction projects for the gas explosion in Taegu, to establish anew a safety management system for subterranean gas pipelines across the country, and to check objectively if construction companies are fulfilling their proper duties concerning safety management.

The moderate KYONGHYANG SINMUN carries on page 3 an 800-word editorial calling the latest calamity in Taegu a man-made disaster caused by carelessness and unpreparedness, while deploring that "it could have been prevented if the relevant construction company or the supervising government agency had paid a little attention." The editorial stresses the need "to newly establish a safety management system at various subway construction sites and to make an epoch- making measure to correct the slipshod system of supervising construction projects."

The moderate TONG-A ILBO carries on page 3 an 800-word editorial urging the government to intensify the system of managing and supervising relevant projects, while emphasizing that "it is the state's duty and responsibility to conduct relevant administrative guidance and supervision with a view to preventing human casualties and secure safety." In conclusion, the editorial stresses the need to "establish an emergency rescue system" as a prerequisite to becoming an advanced nation.

The left-leaning HANGYORE SINMUN carries on page 3 a 1,400-word editorial describing the gas explosion scene at the Taegu subway construction site as an inferno. Expressing its grave skepticism toward "the government's capability to manage state affairs," the editorial stresses that "an incapable and irresponsible management of state affairs, above all, does serious damage to the citizens." The editorial urges the government to "reflect upon itself in a modest way, to change the entire aspect of the cabinet with a firm resolve, and to show an attitude of sincerely serving the citizens." The editorial urges the prosecutors to ferret out the cause of the latest calamity, sternly hold those involved to account, and mete out proper punishment to them.

The independent moderate MAEIL KYONGJE SINMUN carries on page 3 an 800-word editorial urging the government to work out and implement long-lasting, meticulous, and effective countermeasures on safety, breaking away from its past practice of vociferously publicizing countermeasures only when an accident takes place, then apologizing to the citizens, and then seeing a relevant issue ending in smoke.

The moderate CHUNGANG ILBO carries on page 5 a 1,000-word editorial holding those at the subway corporation, the relevant construction company, Taegu municipal authorities, and relevant officials at Taegu Urban Gas Corporation and the Ministry of International Trade and Industry responsible for the gas explosion. The editorial stresses that the government's top priority should be to help keep the citizens free from fear of further calamities, while also giving top priority to safety in terms of mapping out, and implementing, all of its projects even if it takes more time and more money to do so.

'Disarray' in NUB, Ministry Coordination Noted

SK0105062095 Seoul CHOSON ILBO in Korean 1 May 95 p 2

[Article by reporter Ku Song-chae of the North Korea Desk of CHOSON ILBO's Political Department, from the "Reporter's Memobook" column, entitled: "Policy on the North in Disarray"]

[FBIS Translated Text] This was a scene witnessed in the corridor of the fourth floor at the Integrated Government Building on 28 April. Some National Unification Board [NUB] staffers were chatting in front of the coffee-vending machine. One of them said, "The Foreign Ministry has been uncooperative in informing us of the results of the U.S.-North Korea negotiation." Another said, "The NUB learned of the details of the U.S.-North Korean Berlin negotiations, days after the talks ended on 21 April."

Two days prior to this event, on 26 April, a working level official from the NUB said that the NUB had not been informed of the details of North Korea's reply to the U.S. offer for high-level talks. This was 24 hours after North Korea had sent its reply. About a week prior to this, a senior NUB official expressedhis regrets by saying, "The Foreign Ministry's coordination efforts in providing us with information is not as good as it used to be."

Undoubtedly, relations between the NUB and the Foreign Ministry are in disarray.

This is also the case with the Light-Water Reactor Project Support Planning Corps, which is the point of contact for the two ministries. The support planning corps is an organization of the NUB which was launched in January to sum up and coordinate the problem of supplying light-water reactors to North Korea with the so-called "elites" selected from relevant ministries and departments, such as the NUB and Foreign Ministry.

The relations between the NUB's Policy Coordinating Department staffers and the Foreign Ministry's International Cooperation Department staffers are just as rough as relations between their parent ministries, the NUB and the Foreign Ministry. An NUB official well-versed in the the support planning corps, said, "Information exchange between the two departments is too inactive. The staffers of the support planning corps from the NUB have no work to do."

Relations between the NUB and the Foreign Ministry were not as bad as this prior to 22 March, when the heads of the two departments both participated in the ROK-U.S. high-level working level consultative meeting in Washington which reconfirmed close ROK-U.S. joint cooperation on the issue of light-water reactors.

The situation began to change in the middle of April. On 21 April, with the results of the U.S.-North Korean Berlin negotiations imminent, the two departments gave different predictions on the talks. The NUB said, "There is little possibility for the talks to succeed," and the Foreign Ministry was optimistic, saying, "There is the possibility of a compromise." The Foreign Ministry was even displeased when Deputy Prime Minister Na Ung-pae, who is in charge of unification affairs, noted that, "The current structure of U.S.- North Korean negotiations should be revamped for the resolution of the North's nuclear issue."

There are many obstacles that need to be overcome in coping with problems such as the supply of the light-water nuclear reactors to North Korea. Moreover, North Korea is not only engaged in maneuvers to alienate the ROK from the United States, but is instigating hostility and conflict within the ROK. Differences in views on an issue may exist between various departments, but it should not lead to disarray in the joint cooperation system.

Cambodia

Ambassador Twining Labeled 'Murderer'

BK2904131995 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 28 Apr 95

[Unattributed commentary: "The United States Ask Ringleaders of Communist Vietnam's Puppets To Visit the United States in Order To Continue Fueling the Communist Vietnam's War To Kill the Cambodian Nation and People"]

[FBIS Translated Text] The United States had asked communist Vietnam's puppets and traitors to the nation and people—Hun Sen, Sin Song, and Sar Kheng—to pay so-called visits to the United States to sustain communist Vietnam, the master of the traitorous two-headed clique. Now the United States has asked traitor Chea Sim to pay a visit. This is really the continuation of the collusion policy with communist Vietnam so that the United States could get into Cambodia through communist Vietnam, the communist Vietnam's puppets, and the two-headed government, in order to continue fueling the war to kill the nation and people and apportion the Cambodian people's flesh and blood.

People realize this U.S. policy as a lowly, cornered, desperate, and most ignorant policy. It is a great criminal policy against the Cambodian nation and people. The Cambodian nation and people have denounced and already sentenced this policy. It also realizes that the United States is acting this way with the traitorous two-headed government, communist Vietnam's puppets, and allies being dealt serious blows this 17th dry season on the battlefields of northern Cambodia. They are being defeated by the guerrilla and people's warfare and by our stakes and our mines. They are being defeated because they lack troops, because scores of soldiers have deserted, and because their commanders are self-styled and very corrupt.

Furthermore, the United States and allies also realize that the traitorous two-headed government is disintegrating and only waiting to die. No U.S. or communist Vietnamese medicine can save it.

In such a dire situation for the United States, people were amazed that Charles Twining, U.S. ambassador to Phnom Penh, called for the continuation of the war to kill the Cambodian nation, people, and race in accordance with communist Vietnam's strategy to annex Cambodia into communist Vietnam's Indochinese federation. Twining does not care about the sacred aspirations of the Cambodian nation and people and of peace- and justice-loving countries in the region, which want genuine national reconciliation and peace in Cambodia.

It is still remembered that Twining was already defeated once by the Cambodian nation and people during the first U.S. war in Cambodia from 1970-1975. However, he does not remember this lesson. He is still a warmonger killing our nation and people and continuing the second U.S. war in Cambodia. People add that Twining is a great war murderer. His fate will be like that of traitors Hun Sen, Chea Sim, Ranariddh, and Sar Kheng. This gang will soon be burned and obliterated by war.

Khmer Rouge on U.S.-Thai Military Exercises

BK3004142595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 30 Apr 95

["Communique" issued by the Democratic Kampuchea spokesman on 30 April; place not given]

[FBIS Translated Text] I. It is reported that a joint U.S.-Thai military exercise will be conducted between 10 and 25 May 1995, that the exercise will take place along the Cambodian-Thai border, and that the Thai Government has alerted Thai people living along the border with Cambodia about the May military exercise so they can avoid any possible danger.

II. The Royal Thai Government [RTG] represents the rights and sovereignty of Thailand. The Cambodian people have persistently respected the rights and sovereignty of Thailand and the Thai people in the past, present, and future. In their struggle against the communist Vietnamese aggressors—who aim to swallow and incorporate the country into their Indochinese Federation—Cambodia and the Cambodian people—who were endowed with independence, peace, and neutrality and were a rightful member of the United Nations—were given support and assistance by the RTG and the Thai people. The Cambodian people wish to express their deepest thanks for this support and assistance. Moreover, the Cambodian people and the Thai people have close relations of friendship in their everyday lives and business dealings. The RTG and Thai people always express their stance in support of Cambodian national compromise and reconciliation to allow Cambodia to regain genuine peace, thereby ensuring security for Cambodia and the Cambodian people as well as Thai people living along the Thai-Cambodian border.

We emphatically stress this second point to the national and international community with a view to guarding against enemy exaggerations.

III. During the joint U.S.-Thai military exercise to be conducted for 15 days, from 10 to 25 May:

1. We wish to remind our people, especially those living along the Cambodian-Thai border, to heighten their sense of vigilance as their own masters to oppose and prevent any dark maneuvers by the black-hearted U.S. imperialists, who aim to encroach illegally upon Cambodian territory along the Cambodian-Thai border during the joint U.S.-Thai military exercise of May 1995.

2. National and international opinion is already well aware that ever since the premature birth of the two-headed government, communist Vietnam; an alliance

with the United States, Australia, and France as ringleaders; and the two-headed government have continued to fan the flames of the communist Vietnamese war—beginning in August 1993. In the beginning, they attacked Phnum Chhat and Stoung, and later Anlung Veng and Pailin. They were defeated in a most serious and shameful manner, though. Somehow, with their foolish, fascist, and warmongering nature and their nature of persecuting and oppressing the people of Third World countries—specifically the people of small and weak countries—communist Vietnam, the alliance, and the two-headed government still persist in fuelling war both in the 16th dry season and in this 17th dry season of 1995. They suffered extremely serious and shameful defeats.

It is in this situation that the clique, with the United States as the ringleader, is conducting its dark strategy to take advantage of the official and regular joint U.S.-Thai military exercise to carry out activities to wreak havoc upon the Cambodian people along the Cambodian-Thai border. This is aimed at washing away their most serious and shameful defeats over the last two years, especially during the current 17th dry season.

3. The Democratic Kampuchea spokesman wishes therefore to call on our people and all national resistance forces to heighten their vigilance and exert their mastery in all fields and sectors, including over their land and airspace.

IV. The Democratic Kampuchea spokesman wishes to clarify that although it will certainly exploit the opportunity of the joint U.S.-Thai military exercise, the United States can never officially and openly commit any brutal acts in view of the Royal Kingdom of Thailand's sovereignty.

It is worth recalling that our nation and people are accustomed to fighting the U.S. imperialists and their satellites and causing them extremely serious and shameful defeats. The U.S. imperialists staged a coup d'etat to kill an independent, peaceful, and neutral Cambodia and fuel a war in Cambodia for five years through a show of strength of their monstrous weaponry. Nevertheless, history proves that the United States was shamefully and seriously defeated in the face of our nation and people's heroism. When the United States waged the five-year large-scale war, it was defeated by the brave and courageous struggle cleverly and skillfully pursued by our nation and people. Now the United States is exploiting the opportunity to ruin our people and nation. Our people and national resistance forces will maintain their courage, cleverness, talent, and vigilance with full mastery.

30 April 1995
The Democratic Kampuchea spokesman

Governor General Hayden Ends Official Visit

BK3004133195 Melbourne Radio Australia in English 1100 GMT 30 Apr 95

[FBIS Transcribed Text] Australia's governor general, Bill Hayden, has ended a three-day visit to Cambodia after expressing optimism about the country's future. Mr. Hayden was seen off at Phnom Penh airport by King Norodom Sihanouk who described the visit as very successful. Speaking earlier at a banquet in his honor, Mr. Hayden said the Australian Government's commitment to supporting Cambodia was strong and enduring. He welcomed moves by Cambodia toward joining the Association of Southeast Asian Nations saying membership would strengthen the country's security and economic potential.

Police Say Thai 'Spies' Assist Khmer Rouge

BK2604151795 Phnom Penh PHNOM PENH POST in English 21 Apr-4 May 95 p 5

[Report by Sou Sophornnara]

[FBIS Transcribed Text] Battambang—The Khmer Rouge are receiving intelligence from two groups of Thai "spies" along the Cambodian-Thai border, say Battambang police.

Chief of Information Bureau Colonel Nuon Say told the POST during an interview on April 15 that one group called "838" traded with Khmer Rouge rebels while another group—"315"—gave guerrillas information about Royal troop movements.

The group "315" was believed to be sending agents into Battambang city, posing as traders and speaking fluent Khmer, Nuon Say said.

"The government troops could easily defeat the KR [Khmer Rouge] if the Thais stopped supporting and cooperating with KR," he said.

When the government wanted to attack Khla Ngoap (a KR stronghold 60 kilometers northwest of Battambang), the KR had already evacuated their families, food, and ammunition into Thailand, he said.

He said the Thai government had announced they did not support the KR but, in fact, still continued covert aid that provided favorable conditions for the rebels.

Nuon Say said the KR could freely enter onto Thai soil, and the Royal government would only provoke an international incident if it shelled KR rebels on Thai soil.

Nuon Say claimed that some Thai businessmen in the KR zones were also "involved" with the Thai government, paying tax in exchange for tacit support to trade.

The Thai traders, he said, could earn more money if the Royal government and the Khmer Rouge continued fighting.

He said the provincial authority had set up an immigration office, which would investigate the allegations of Thai "spies" and traders, as well as any other foreigners making profits in Battambang.

Former Foreign Minister Sirivut Visits Vietnam

BK2804145995 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 27 Apr 95 pp 1,2

[FBIS Translated Text] Prince Kromkhun Norodom Sirivut, former foreign minister of the Royal Government of Cambodia; director of the Cambodian Institute for Cooperation and Peace; and general secretary of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], told reporters on the evening of 25 April at Pochentong International Airport that as a ruling party and one of the parties leading the Cambodian Government, FUNCINPEC, led by Prince Krompreah Norodom Ranariddh, holds that Vietnam should not be considered an opponent forever; it should be thought of as a neighboring country with whom there should be talks; we should be cordial to each other in order to protect our interests and to resolve a number of remaining problems.

The prince kromkhun said this after his five-day visit to Vietnam at the invitation of Vietnam's International Relations Institute.

It has been noted that this is the first time that a high-ranking FUNCINPEC figure has officially expressed his views toward the Communist Party of Vietnam [CPV]; previously the expression of such a clear opinion has never been made.

It is still remembered that during the April-May 1993 election campaign FUNCINPEC used to heavily criticize Vietnam. However, after the establishment of a full Royal Government, this problem seems to have ended and mutual understanding restored.

The prince kromkhun said that racism and the use of arms to resolve some problems are not the ways of Sihanoukism. FUNCINPEC's principles are peace, cooperation ... [ellipsis as printed] therefore peaceful means should be used. Concerning neighboring countries, in general and in principle, this is very important. The prince kromkhun said that this was the very first time that meetings with major CPV figures on behalf of FUNCINPEC were held. However, to defend himself, he also said that this was not taking advantage of the Cambodian Institute of Cooperation and Peace to make contact with the CPV; the meetings with CPV officials were held only during free time.

He further said that the Institute for Cooperation and Peace is a neutral institution and does not belong to FUNCINPEC or to the Cambodian People's Party. This institute will establish relations in order to harmonize the previously tense atmosphere between Cambodia and Vietnam.

He again and again stressed that there should be accommodation; we used to be in conflict and clashed. He also stressed that harmonizing the political atmosphere and increasing relations in the region are important matters and Vietnam wants this too.

Government To End Ban on Rice Exports

BK0105131395 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 30 Apr 95

[FBIS Translated Text] The Royal Government [RGC] has announced the abolition of the ban on rice exports. Rice may now be exported freely. The rice export liberalization policy will come into effect on 1 December 1995.

According to a recent announcement on rice export liberalization signed by Prince Krompreah Norodom Ranariddh and Samdech Hun Sen, respectively first and second prime ministers, the RGC has already abolished the rice export ban. This is in line with the spirit of the RGC's economic and financial policy for 1995 and in accord with the memorandum of understanding on the rice export ban between the RGC and the IMF. The RGC says the rice export liberalization policy is a key factor that will contribute toward boosting rice production nationwide.

A government official said the rice export liberalization policy will to go into effect on 1 December 1995, meaning peasants can only export rice at the end of this year. The official explained that the reason the RGC is delaying the implementation of the rice export liberalization policy is because current local rice production is still not enough to ensure self-sufficiency and does not yet meet the country's needs. Also, the delay is intended to allow the Trade, Agriculture, and Economy Ministries to cooperate in working out detailed measures on implementing the policy. These will be presented to the government for examination and a decision.

Singapore Team To Help in Economic Development

BK2904123295 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 27 Apr 95 p 2

[FBIS Translated Excerpt] Prince Krompreah Norodom Ranariddh, first prime minister of the Kingdom of Cambodia, has said that cooperation between the Council for the Development of Cambodia [CDC] and Singapore's Economic Development Board [EDB] is very important to the dynamic development of Cambodia's economy.

Prince Krompreah Norodom Ranariddh said this at a meeting held on 25 April at the cabinet's office with a Singapore EDB delegation.

At the meeting, the Singapore delegation explained its experience in economic development, saying that 60 years ago Singapore had a very small economy. It has developed this far by learning from the good experiences of developed nations. Its national development began with the intensive development of human resources capable of absorbing modern technology—the strategy for rapid development.

Chan Chin Bok, the head of the EDB delegation, gave a further explanation by citing the modern technology of outstanding economies such as Japan, Korea, North Korea, and Hong Kong, and the model set by Western countries such as the United States, France, Switzerland, and so forth. He added that Cambodia's economy today is not much different from Singapore's in the 60's, and that it must first develop its human resources. His group has been requested by the Royal Government of Cambodia [RGC] to help the Cambodian Investment Board in its efforts to solicit more foreign investors to Cambodia.

Prince Krompreah Norodom Ranariddh said he and Samdech Hun Sen had asked Prime Minister Goh Chok Tong during their recent visit to Singapore to send an EDB team, which has the experience of developing the country's economy, to help the CDC promote Cambodia's economic development.

Prince Krompreah Norodom Ranariddh added that the EDB would be playing a very significant role in helping the CDC rapidly develop Cambodia's economy in the near future. He also stressed that the EDB's current cooperation with the CDC is totally financed by the World Bank, and that not a single riel from the national budget will be spent on this. The RGC has also agreed to EDB's assistance. It is expected that Cambodia will be able to implement the important guidelines given it for economic development in accordance with the realities.

Sihanouk Rejects Report on Succession Plan

BK2804073495 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 27 Apr 95

[FBIS Translated Text] His Majesty King Norodom Sihanouk Varaman of the Kingdom of Cambodia signed a clarification on 26 April 1995. Here is the translation:

Some journalists and press correspondents—mostly foreigners—have written or are writing that my wife, Queen Norodom Monineat Sihanouk, wanted or wants our son, Prince Kromkhun Norodom Sihamoni, to become the new king of Cambodia once His Majesty King Preah Norodom Sihanouk Varaman dies. My queen and I strongly object to this false report. The fact is that Queen Norodom Monineat Sihanouk and Prince Kromkhun Norodom Sihamoni, as well as myself, have not and will not allow ourselves to interfere in the Cambodian people's internal affairs.

The 1993 Constitution must be strictly and thoroughly adhered to in full, both in letter and spirit. In accordance with the Constitution, when the king dies a new one will be chosen by the Throne Council, which includes the supreme patriarchs of the two sects, the chairman and the two vice chairmen of the National Assembly, and the prime minister or co-prime ministers.

My wife, Queen Norodom Monineat Sihanouk, has never expressed her desire to see Prince Kromkhun Sihamoni become king. Prince Kromkhun Sihamoni himself has clearly said that he has never wanted to be a candidate to the Cambodian throne.

In sum, we would like to stress that neither the queen nor I will not allow any influence to be used on the members of the Throne Council to make them select any particular person.

Ranariddh Discusses Electoral Committee

BK0105135895 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 1 May 95

[FBIS Translated Text] Prince Krompreah Norodom Ranariddh, first prime minister of the Kingdom of Cambodia, has said that the promulgated Constitution should be abided by; that is, there will only be one prime minister in the next government. Therefore, he added, everyone should try to respect the Constitution.

The prince krompreah added that a special, independent, and neutral committee chaired by his majesty the king should be created to organize the 1998 elections.

Prince Krompreah Norodom Ranariddh said this at a meeting with nongovernmental organizations in Phnom Penh on the morning of 29 April.

The prince krompreah also said that in his opinion as an ordinary person, not a leader of the Royal Government or a leader of a political party, he wanted the committee to be composed only of human rights representatives, not representatives of the Royal Government.

The prince also proposed that the committee be fully independent in the performance of its tasks. In particular, the committee should teach the Khmer Royal Armed Forces and National Police to be 100 percent independent. Provincial governors and their deputies, district chiefs, and communal heads throughout the country should become neutral as well. If officials, regardless of their political party, continue to represent that party, they will not be independent.

Foreign parliamentary representatives and foreign correspondents will be invited to witness the 1998 election process.

From now on, the Cambodian people should know how to organize elections themselves; they should not continue to ask for help from others for their whole lives.

Prince Krompreah Norodom Ranariddh stressed that in saying this he did not mean to be critical.

Concerning the human rights issue, the prince said the Royal Government, like the Cambodian National Assembly, has constantly paid attention to and respected human rights. The people should have equal rights within the state legal framework.

Radio Urges Patience, Unity With Government

BK2904153095 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 28 Apr 95

[Political commentary: "Unite Around the Royal Government of Cambodia To Rehabilitate and Rebuild the Country and Nation"]

[FBIS Translated Text] For over a year, despite having to go through many complexities and difficulties, with the international community's assistance, the Royal Government of Cambodia [RGC] has been working to lead the country in the political and financial sectors.

On the other hand, the Khmer Rouge, which is increasingly being weakened, has no more bases and no more internal and external support. It is now gasping its final breath. Because of its oversized ambition, it continues to be stubborn, and to destroy and to hinder the rehabilitation.

Everyone knows that lately the revered king and the two RGC heads had most patiently made efforts to bring the Khmer Rouge back to society and the nation. However, obsessed with excessive greed, the criminal Khmer Rouge leaders want nothing else but the return to power to massacre the people again. War, particularly in remote areas in the western and northern parts of the country, continues to be fueled by rebel troops.

However, following the initiative of His Majesty King Norodom Sihanouk, and despite the bill outlawing the Democratic Kampuchea group going into effect, the Royal Government continues to exonerate Khmer Rouge officers and troops who surrender. As for the king, he has consistently appealed to Khmer Rouge leaders to stop killing the poor and to stop burning their houses. He has also asked these leaders to go into exile abroad.

However, Khmer Rouge leaders listen to no one. So, the Khmer Rouge remain the Khmer Rouge. They remain as murderers. Exchanging peace with the Khmer Rouge is a most dangerous game. The dirty, barbarous, and savage acts of the Khmer Rouge leaders cannot escape punishment. If there is an international tribunal trying Khmer Rouge leaders, it would be normal as far as international law is concerned. This will not affect national reconciliation.

Before the establishment of the RGC and after the Royal Government was born, that is over the past two decades, the nature of the Khmer Rouge remains unchanged. What it has been doing is to destroy everything and kill everything. Even the poorest in the remote areas have now stopped supporting the Khmer Rouge. Thailand also no longer allows the Khmer Rouge to take refuge on its soil.

The Khmer Rouge strategy to win the hearts and minds of the poor has failed. Along with this, the Royal Government's policy to develop rural areas and to eliminate poverty will deal even further blows to the Khmer Rouge. So, let the Khmer Rouge reap the results of its acts.

It is in this sense that the Cambodian people nationwide welcome the UN Security Council's appointment of 12 jury members and six judges to a UN tribunal to try those guilty of genocide and other human rights violations in Rwanda. This model should also be applied to Khmer Rouge leaders.

A number of political analysts in Asia say that the political situation in Cambodia now is more favorable than any other time. This is the time when all of us should be patient and acknowledge the difficulties left over by the war and some negative phenomena. We should unite with the Royal Government to correct what is inappropriate and to improve what is good, correct, and progressive. We should understand that the rudeness that have existed among us for more than two decades and negativism resulting from protracted war during the same period cannot be resolved in just over a year.

Everyone wants a developed society with justice, a good life, and full rights and freedom. However, these things cannot be produced by magic. We cannot get them by just loudly demanding for them.

Thailand

Spratlys To Serve as ARF 'Baptism of Fire'

BK0105061895 Bangkok THE NATION in English 1 May 95 p a4

[Editorial: "Multilateral Discussions in ARF Necessary for Spratlys"]

[FBIS Transcribed Text] The viability of the ASEAN Regional Forum (ARF) to settle disputes will be put to the test in the handling of the Spratlys issue. Without any exaggeration, the Spratlys will be the ARF's baptism of fire, when the regional forum meets in Brunei this month.

Among the six parties to the dispute—Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam—all are members of the ARF, except Taiwan. Three of them—Malaysia, Brunei and the Philippines—are members of ASEAN. With Vietnam's impending entry into the organization, that number will go up to four, leaving China and Taiwan as the only two non-ASEAN claimants to the isles, atolls and reefs in the South China Sea.

When the ARF was formed in Bangkok last July, the consensus was that the forum would not take up any contentious issues, to avoid upsetting its members. It is clear short-sightedness if that line of thinking stills holds in the ARF, with the Spratlys issue looming over the region. There cannot be much point in having a regional grouping devoted to improving regional security, if it does not have a credible answer to the single most likely threat to East Asian security today, apart from the Korean peninsula.

Mischief Reef

The Chinese build-up, consisting of both structures and vessels in Mischief Reef, claimed by the Philippines, has increased tension in the area. Manila has increased its forces and destroyed Chinese markers there. Whatever the reasons for China's recent moves to irk the Philippines, its current behaviour in the South China Sea does not enhance its image in the region.

At the recent vice-ministerial China-ASEAN talks in Hangzhou early last month, the Chinese refused to discuss the disputed Spratlys multilaterally. Beijing obviously foresaw that the issue might be brought into a multilateral forum like the ARF, and hence expressed their opposition to it. This in fact undermines the role of the regional forum, and for China, as a founder member of the ARF, to adopt such an attitude is quite uncalled for.

Recent comments too made by the Chinese, do not augur well for the region. The director of the State Oceanography Bureau, Yan Hongmo, told the Wen Wei Po newspaper that China still regarded the far-flung archipelago in the South China Sea as part of its territory. China's cool and controlled attitude should not be seen as a sign of weakness, he said.

Without doubt, militarily, China is the strongest of all the contenders to the Spratlys. None of the others can even dream of dislodging it by force without triggering a war. The United States' hands-off approach is also another factor in China's favour.

There is nothing new in China's continued insistence that it deals with other claimants on a bilateral basis. On a bilateral basis, Beijing can be more forceful and have its own way, compared to dealing with other parties collectively.

Regional responsibilities

All eyes now will be on the ARF meeting in Brunei, to see how the fledgling ARF tackles the Spratlys. China must be made aware of its regional responsibilities, and for that reason it must be coaxed into entering multilateral discussions on the disputed islands for the sake of peace and stability in East Asia.

Entering into multilateral discussions would enhance China's long-term position in the region, with far greater benefits than a headstrong insistence that other claimants negotiate with it on a bilateral basis on Beijing's own terms.

Preventive diplomacy is crucial to the post-Cold War world and the ARF must be seen as initiating such measures to prevent flare-ups in the region. Something concrete on the Spratlys must come up in Brunei, otherwise the ARF will be relegated as another of many forums in ASEAN, where governments seem happy just talking shop rather than seriously taking any action.

Reportage on Issues Related to ASEAN Economy

Economic Integration Urged

BK3004130395 Bangkok THE SUNDAY NATION in English 30 Apr 95 p A 1, 2

[Report by Wichit Chaitrong and Surachai Chuphaka]

[FBIS Transcribed Text] The Association of Southeast Asian Nations (ASEAN) has arrived at a critical juncture—how to balance intraregional cooperation and external relations with the global community.

At the Afta Council and ASEAN economic ministers meeting in Phuket, which ended yesterday, it became clear that ASEAN needs to accelerate the deepening of its economic integration by expanding into services, farm trade and labour movements.

Economic integration is required if ASEAN is to maintain its competitiveness and continue to attract foreign capital and investment from Japan and the West. Already, ASEAN is working to create an ASEAN Free Trade Area (Afta) by the year 2003, but this covers only manufactured goods.

Afta has already born some fruit. Intra-ASEAN trade rose sharply to 30 per cent of gross trade of member nations last year, up from less than 20 per cent before Afta came on stream two years ago, according to Ajit Singh, the secretary-general of ASEAN Secretariat.

To expand Afta, the members have agreed to bring some non-processed farm products, politically sensitive as they are, into the tariff reduction scheme. This demonstrates a political will on the part of the ASEAN's farm-exporting countries, despite initial resistance.

By including non-processed farm products in Afta, ASEAN will further build up its voice in the larger forum of the World Trade Organization, the global international trade governing body.

France, a member of the European Union, has already shown how a single country can make a big difference in protecting its own interests in the Uruguay Round of trade talks.

Economic ministers from Thailand, Malaysia, Indonesia Singapore, Brunei and the Philippines also discussed a format to provide protection for intellectual property rights, chiefly trade marks and patents.

Deputy Prime Minister Suphachai Phanitchaphak pointed out that this was the first time that a regional grouping has been able to agree on a common standard on intellectual property rights protection.

ASEAN economic cooperation will go further to cover transport and telecommunications, the infrastructure backbone of economic integration.

To further attract foreign investment, ASEAN has gone so far as to lay a foundation for debate on the creation of a "common market". Because the term could be politically sensitive it has been replaced by "deeper economic integration".

However, under any guise, ASEAN is sowing the seeds of a half-hearted, EU-style common market by moving to integrate the six members, with a combined population of 320 million, into an outward looking economic bloc.

The economic ministers worked on a blueprint, which will be screened again in September at the Brunei conference before it is passed to the ASEAN Summit in Bangkok.

The theme of the ASEAN Summit is "ASEAN in the 21st Century", and it is expected to set out clearly ASEAN's determination to achieve political, economic and social, cultural and scientific cooperation.

As for its relations with the outside world, ASEAN has agreed to cement relations with Australia and New Zealand, which are bound by a free trade pact, the Closer Economic Relations agreement.

ASEAN and CER representatives will hold a consultative meeting in September in Brunei to discuss ways of forming economic links.

After breaking ranks in their approach to the Asia-Pacific Economic Cooperation (Apec) forum, the ASEAN members regrouped themselves at the Phuket meeting by agreeing that they should have a common position in Apec.

Apec is moving to create an environment of free trade and investment in Asia-Pacific by the year 2020, but some ASEAN members feel that they are not comfortable with the fast pace of Apec, which has transformed itself from a consultative body into a free trade area.

Since they lack a unified voice in Apec, ASEAN members have found that their individual preferences become lost in the presence of major trading powers, such as the United States and Australia, which have been advocating free trade in the region to the extent that Apec could make the General Agreement on Tariffs and Trade obsolete.

The ASEAN members have realized that their best interests lie in having only one world trade body, namely the World Trade Organization, which governs multilateral trade rules.

They fear that if they allow Apec to become a free trade area, other "free riders", which do not have to give reciprocal offers, might step into the scene to benefit from the trade and investment liberalization within the region.

ASEAN has also made its position clear that the next WTO director general, after incoming Italian Renato Ruggiero, must represent either an ASEAN or Asian country.

This would ensure that the director general looked after the interests of developing nations.

Choice of Tariff Plans Viewed

BK2804140795 Bangkok BANGKOK POST in English 28 Apr 95 p 17

[Report by Wichit Sirithawiphon, Chatrudi Theppharat, and Atchara Asayakachat]

[FBIS Transcribed Text] ASEAN economic ministers will have to choose between the margin of preferences under the ASEAN Industrial Joint Venture Programme [AIJV] or the Common Effective Preferential Tariffs which offer more incentives.

ASEAN senior economic officials yesterday ended their meeting by preparing topics for today's discussion by the ministers. The process continues the economic ministers' retreat in Awana, Malaysia, and last September's meeting in Chiang Mai.

Several issues needed further discussion in preparation for the ASEAN summit in Bangkok in December, Kroekkrai Chiraphaet, director-general of the Commerce Ministry's Business Affairs Department said yesterday.

Among topics to be discussed are infrastructure development, intellectual property rights protection, and planned cooperation in transport and communications. The draft of the agreement on trade-in-services and that of ASEAN's vision toward the next century will also be reviewed.

Issues unable to be concluded at the senior officials' meeting and passed on for consideration by the ministers include the draft agreement on trade-in-services and the industrial cooperation review plan.

"The industrial joint venture programme (AIJV) has both protective measures and incentives which have been widely discussed. All participants aside from one agreed that it should be extended.

"However, we proposed that as the Common Effective Preferential Tariffs (CEPT) wlil come into being and offer more preferential rates than the AIJV—which is based on the most-favoured nation rate—the AIJV should peg on the CEPT scheme," Mr Kroekkrai said.

The senior officials' meeting also recommended the cancellation of four-year protection for AIJV products since these regulations run counter to the non-discrimination principle of the General Agreement on Tariffs and Trade.

"Their meeting resulted in more compromises. Some countries are to continue enjoying the AIJV's preferential rates which include a 90 percent tax reduction, but seven years after its implementation, the attractiveness of the AIJV may automatically decline," said an official source.

Thailand took the stance that the AIJV, which covers only 11 projects, does not need to be extended since the ASEAN Free Trade Area has opened up markets for ASEAN members.

Besides, in 2003, the tax under the AIJV would come down to 0.5 perecent which would be meaningless, the source said. Therefore countries which established the AIJV believed it should be strengthened with more incentives to attract investors.

The source said Thailand would also propose a tax reduction to only 50 percent as 90 percent was too high.

Mr Kroekkrai said senior officials proposed that the Brand-to-Brand Complementation Programme, which requires industrial cooperation between ASEAN members, be expanded to cover not only vehicle parts but also the components of other products. But as the representative of one country did not find this acceptable, the matter was left for the ministers to debate.

The programme was signed by Thailand, Malaysia, and the Philippines in 1989 with Indonesia joining the scheme last year.

Mr Kroekkrai said the framework for cooperation in services had been left for the ministers to debate today and tomorrow.

China Agrees To Cooperate in S&T Projects

BK2804144795 Bangkok ZHONG HUA RIBAO in Chinese 24 Apr 95 p 3

[FBIS Translated Text] Thailand and China have agreed to carry out over 30 science and technology [S&T] cooperation projects between 1995 and 1996.

Returning from the 13th Sino-Thai Scientific and Technological Cooperation Commission meeting held in Kunming between 17 to 21 April, Deputy Foreign Minister Surin Phitsuwan told reporters at the airport yesterday afternoon that the participants of the meeting agreed to raise the level of cooperation projects to an international level. It was also agreed that the commission would hold a meeting once every two years instead of annually.

Deputy Foreign Minister Surin and Hui Yongzheng, vice minister of State Science and Technology Commission of China, cochaired the meeting.

Surin said that during the meeting, the two sides also discussed issues concerning the development of the Mekong River. China is very interested in the recent agreement on cooperation for sustainable development of the Mekong River basin signed by four downstream countries—Thailand, Vietnam, Cambodia, and Laos—in the northern province of Chiang Rai.

Surin said that the Chinese Government had set up a committee, including Hui Yongzheng, to consult with the four countries over the details of the cooperation project. He and Chinese officials will discuss the details of cooperation when he attends a joint Sino-Thai drug suppression cooperation meeting in Beijing at the end of next month. As the Mekong River basin development cooperation project will directly benefit its five southwest provinces, China is interested in transportation, traffic, environmental protection, natural resource development, technological transfer, and human resources development cooperation.

The deputy foreign minister also said that he had discussed the cooperation project with Chinese local officials when he visited Kunming and Xishuangbanna. The officials said that China was willing to cooperate with all Mekong River basin countries so the Mekong River basin development project would benefit all of the countries. He also visited the construction site for Jinghong Port.

Panel With Cambodia To Resolve Claims in Gulf

BK2904132595 Bangkok BANGKOK POST in English 29 Apr 95 p 6

[FBIS Transcribed Text] Thailand and Cambodia have agreed to set up a Joint Technical Working Group to resolve about 6,000 square nautical miles of overlapping claims in the Gulf of Thailand, Deputy Foreign Minister Surin Phitsuwan said yesterday.

"The Thai side is happy with the outcome of this first meeting between the two countries," Dr Surin told reporters at the end of a two-day Thailand-Cambodia Consultation on Overlapping Continental Shelf.

The Cambodian delegation was led by Prime Minister's Office Minister Sok An and Minister of Industry, Mines, and Energy Peou Sothirak, who co-chaired the meeting with Dr Surin.

The deputy minister said each side had its own reason for declaring claims over continental shelf in the Gulf and the Thai side felt time was needed to resolve the issue.

"We believe that eventually we will have to jointly develop overlapping claims, but the basis for each country's claims still needs to be clarified," said Dr Surin.

A joint press statement released at the end of the meeting said the Joint Technical Working Group, to be made up of officials from both countries, will prepare relevant studies and recommendations.

Mr Sothirak said discussions were constructive and encouraging and reflected a better understanding and cooperation between Cambodia and Thailand.

"Each side showed the good faith needed for adopting an agreed solution in the mutual interest of both countries," he said.

The Minister added the primary objective of Cambodia was to jointly develop petroleum resources of the overlapping area.

However, he said concerned Cambodian authorities are still to discuss territorial claims among themselves.

Cambodia's position was that joint development should be based on "sovereignty neutral" meaning that any acts under the Thai-Cambodian agreement not prejudice territorial claims of either Thailand or Cambodia in the future, he said.

All benefits of joint exploitation of petroleum in the overlapping area should be shared equally, he said.

Concessions in the overlapping area which were granted in the past have no validity.

Mr Sothirak said a "clean slate" approach should be adopted in the future management of the overlapping area.

The two countries agreed to hold the next meeting in the first week of August in Phnom Penh.

Protest Lodged With Burma Over Border Raid

BK2904112495 Bangkok BANGKOK POST in English 29 Apr 95 pp 1, 3

[FBIS Transcribed Text] Thailand has told Burma it will no longer tolerate border incursions in the North.

The Foreign Ministry yesterday protested to the Burmese government about the incidents, said ministry spokesman Suwit Simasakun.

The diplomatic action came as the Democratic Karen Buddhist Army [DKBA] launched a further cross-border raid into Thailand yesterday, setting fire to another refugee camp and a police checkpoint before retreating with some weapons and one Thai soldier as a hostage.

One Karen refugee was burned alive in the bunker under her shelter. Seven others were injured.

Thai Ambassador in Rangoon Poksak Nin-ubon handed over the protest note, referring to five incidents in the past 10 days which involved groups of armed Burmese military personnel intruding into Thailand.

"Such activities are unacceptable and deplorable. They were crimes against innocent people seeking safety as a result of fighting across the border," Mr Suwit said.

The first intrusion occurred on April 19 when a group of 30 armed men crossed the border from Burma and seized 10 Karen seeking temporary refuge in Tha Song Yang district of Tak.

The group also took Karen belongings and set ablaze their dwellings before retreating.

The latest two raids by 300 Burmese soldiers took place last Tuesday as two Burmese refugee camps in Tak and Mae Hong Son provinces were razed, causing more than 1,000 refugees to flee deeper inland.

"All of these incidents violated Thailand's sovereignty and territorial integrity," the spokesman said.

In view of the increasing number of violations of Thailand's sovereignty in various forms during the past four months, the Thai Government would no longer tolerate any such infringement and would take appropriate retaliatory action in the strongest terms to safeguard the country's sovereignty and territorial integrity, he said.

The protest note was originally to be handed over directly to Burmese Ambassador to Thailand Tin Win.

But U Tin Win accompanied Burmese Foreign Minister Ohn Gyaw to a meeting of the Non-Aligned Movement in Bandung, Indonesia, and returned to Bangkok only last night.

Police chief Phot Bunyachinda said Border Patrol Police were sent in armoured personnel carriers to the Tak border in Tha Song Yang district yesterday morning following the morning raid by the DKBA on a Karen refugee camp at Huai Manok.

About 300 DKBA armed with rocket-propelled grenade-launchers and 81mm mortars crossed into Thailand around 8 a.m. before attacking a Thai border security unit at a police checkpoint on Tha Song Yang-Mae Sariang highway.

One Thai soldier, Sgt Thawatchai Wanon, was injured during the ensuing 20-minute clash and was captured as his unit, outnumbered by the DKBA force, retreated to safety.

The Buddhist Karen then raided a Karen refugee camp at Ban Huai Manok, setting fire to 800 shelters and a field hospital along with the police checkpoint before retreating with some weapons and radio equipment.

Task Force Commander Direk Yaem-ngamriap said the intruding Karen withdrew after Thai reinforcements of light aircraft and armoured vehicles arrived at the scene.

One V-150 armoured personnel carrier was slightly damaged when it was hit by shrapnel from an RPG fired by the withdrawing Karen.

Border Patrol Police [BPP] who combed the fire-ravaged refugee camp found a Karen woman, identified later as Ka Moo Phaw, 18, had died from a fire inside a bunker under her shelter.

Seven other refugees were injured.

Sgt Thawatchai, who was abducted by the Karen, was released about seven hours after the fighting following talks between the BPP unit and the Burmese military authority at Mae Ta Wah camp on the opposite side of the border.

Sgt Tawatchai said he had been taken to the Burmese military camp by the Karen force following the attack.

The Karen refugee camp at Ban Huai Manok housed 6,400 refugees, 4,000 of whom were homeless following the attack.

The refugees claimed the DKBA had told them it would burn all the refugee camps along the border in Tak to force them to return to Burma.

Burma Affirms No Change in Gas Pipe Route

BK2804140395 Bangkok BANGKOK POST in English 28 Apr 95 p 3

[Report by Nutsara Sawatsawang in Rangoon]

[FBIS Transcribed Text] Burma has given an assurance that the route of the gas pipeline project will not be changed despite the deaths of five Burmese workers last month, according to a senior Burmese official.

National Planning and Economic Development Minister David Abel said that all the proposals for the route of the pipeline have been surveyed and a suitable one selected.

"The present route is suitable. Both offshore and onshore were surveyed simultaneously. We have camps already and the foreign contractors are there, surveying the route," he told reporters.

In February Thailand and Burma signed an agreement to purchase natural gas from the Yadana gas field to supply Thailand. Last month the camp was attacked by a guerrilla group, killing five workers.

Prime Minister's Office Minister Kon Thappharangsi met Burmese Energy Minister Khin Maung Thein over the weekend at the Ban Ei Taung border site in Kanchanaburi where the pipeline is expected to be laid.

They also briefed each other on whether there is a possibility of changing the route for security reasons.

Brig-Gen Abel admitted that five Burmese workers were killed during the attack on the camp be insurgents.

Deputy Energy Minister Tin Tun said the area was safe, saying about 16 foreign engineering experts are now living in the jungle.

"The whole area is very safe, but there will sometimes be sporadic terrorist attacks. What about the bombings in Colorado City or at London Airport? You don't say London Airport is not safe," he told the BANGKOK POST.

Brig-Gen Abel said the project would be completed in 1998 as expected. The investment cost of US$580 million for building a gas pipeline from the field to the Thai-Burmese border was also ready to be implemented. Under the agreement, Burma will supply 525 million cubic feet per day to Thailand for 30 years. French oil company Total, the US-based Unocal and Thailand's PTTEP [Petroleum Authority Of Thailand Exploration and Production] joined in the investment.

There is another natural gas field Yetagun, operated by the US- based Texaco, Premier and Nippon Oil which is expected to be another source to supply 250 million cubic feet of gas per day to Thailand.

The Thai and Burmese authorities are still negotiating the matter of power supply. The Burmese preferred producing in Burma, setting up a power plant and selling power to Thailand, according to U Tin Tun.

He said: "If the price rises, they might sell to Thailand. If not, they can set up a petrochemical or power plant in Burma.

"But I think it's more economical and more efficient to produce power on the Burma side and send power to Thailand, because constructing a transmission line is easier than a pipeline."

However, he said that it depends on the Electricity Generating Authority of Thailand, which is the authority buying the gas.

Editorial Urges Tough Stance With Burmese

BK2904133195 Bangkok THE NATION in English 29 Apr 95 p A4

[Editorial: "Time to get tough with Burmese border incursions]

[FBIS Transcribed Text] With justifiable, if belated anger, the government has demanded that Rangoon explain repeated violations of Thai territory by a marauding group of ethnic guerrillas which is sponsored by the Burmese military.

Branding the border incursions "a violation of Thai sovereignty", Deputy Foreign Minister Surin Phitsuwan has called on Rangoon to give Bangkok an assurance they would not happen again.

While it waits for a response from the junta, the government might do well to ask the Thai military some equally tough questions about the attacks on refugee camps which are well inside Thai territory.

Since the fall of the Karen National Union bases at Manerplaw and Kawmura in December and February, the Burmese and their Karen allies, the DKBA [Democratic Karen Buddhist Army], have repeatedly crossed into Thailand to attack and kidnap Karens who have taken refuge from fighting across the river border. According to reports from aid workers the raids have picked up in intensity since April 19 to the extent that they have almost become daily occurrences.

Thailand's generals have expressed their "extreme fury" at these frequent violations of the border but at the same time they seem powerless to stop them.

What is most alarming about the attacks is that they are not just mere across the river hit-and-run sorties. Tuesday's attack involved a group of around 200 Burmese and DKBA troops who crossed into Thailand from the north, and attacked Mae Ra Ma Luang camp in Mae Sam Lap district. Unlike the other camps which are close to the river, this is a new camp five and half kilometres inside Thai territory.

The army has claimed that since the attacks take place at night there is little they can do to prevent them. Again this not the most reassuring of answers for those of us worried about the security of the country. The target of the Burmese operations is well-known—the refugee camps—and the border area, with its long history of fighting is one of the most heavily manned pieces of land in Thailand. Most Thai citizens, who pay a large sum in taxes to ensure the upkeep of the military, couldn't be faulted for expecting their soldiers to perform a little more effectively.

Of course, it is not fair to heap all the blame on the military for the problems along the border. Trying to read Thailand's foreign policy in regards to Burma has never been easy given the hundreds of years of suspicion if not outright hostility between the two countries. Historically, the Karens have been regarded as a useful buffer between Thailand and Burma. But now we have Karens fighting Karens, Karens allying with the Burmese and Karens looking to make peace with the Burmese.

More recently it was decided by those who plot Thai strategy that Thai-Burmese relations would be better enhanced by engaging Burma economically. And Thai military leaders quickly became some of the most ardent advocates of the policy in both their professional roles as soldiers and in their private lives as businessmen. In pursuance of this policy, refugee camps, with their links to the ethnic resistance groups became an enemy of sorts. Their continued existence was living proof that all was not well in Burma, and then there was also their role as an impediment to the steam-rolling of the resistance groups in east Burmese border areas. Areas which needed to be pacified if mutually beneficial projects like the Tavoy gas line were to go through.

But getting rid of the refugees has proved to be a better idea in theory than in practice. The Thai military's efforts earlier this year to force refugees across the border while a full scale war was raging drew an enormous amount of bad press and international condemnation.

For the thick-skinned military junta in Rangoon, international condemnation has never really been much of a factor in policy making. Neither really has concern for the feelings of its neighbours—remember Hill 491 and the Arakan border flare up. Now Burmese soldiers and their allies are rampaging through Thai territory in pursuit of their goal to crush all resistance to their rule.

The Rangoon junta has never been one for civil or principled arguments, although it well understands the power of the gun. When Cambodia's warring groups have taken their scraps into Thai territory the Thai army has been quick to keep them in line with a few strategically placed shells.

It would appear some similar principled resolve is needed to reinforce the western frontier and Thai foreign policy as well.

Chuan Wants Solution to Refugee Center Dispute

BK0105050395 Bangkok BANGKOK POST in English 1 May 95 pp 1,3

[FBIS Transcribed Text] Prime Minister Chuan Likphai has urged state agencies to settle their differences internally over an army proposal to set up a holding centre to house Karen refugees at the Tak border instead of bringing their conflict to the public.

He was responding to Army Commander-in-Chief Wimon Wongwanit's criticism of the Foreign Ministry for refusing to share his idea of the holding centre.

Gen. [General] Wimon said on Saturday he would propose to the Government that a holding centre be set up to house Karen refugees to ensure proper security to protect displaced persons against cross-border attack.

The refugees are now scattered at makeshift camps along the Thai-Burmese border, making it difficult for the military to protect them.

Gen. Wimon said the Interior Ministry understood and supported his proposal but not the Foreign Ministry which still did not understand it.

The Foreign Ministry was the country's mouthpiece and it should visit the scene to see the situation, he said.

The Foreign Ministry and the National Security Council disagree with the idea of setting up a holding centre at the border for fear the presence of the camp will affect the living conditions of local villagers.

Mr. Chuan said both the Defence and Interior ministries would have to discuss this idea further.

He believes the camp can be set up if security agencies can ensure its safety.

The border conflict in Tak was not serious enough to require high-level talks between Bangkok and Rangoon, he said.

The problem was still within the ability of the Thai-Burmese regional border committee to handle and would not have any impact on Thai-Burmese relations.

He said he had discussed the situation on Friday with Gen. Wimon who suggested extra security measures be taken at spots where local manpower was lacking. The Government was ready to provide assistance.

The Third Army since Saturday has sent ground troops and helicopter gunships to strengthen security at Tha Song Yang district where a series of border incursions by the Rangoon-backed Democratic Karen Buddhist Army have taken place in the past week.

The Border Patrol Police [BPP] earlier sent its elite Pawai paramilitary unit to help special task force police and local police protect the border at Mae Sot, Mae Ramat, Tha Song Yang in Tak and Sop Moei in Mae Hong Son.

The BPP clashed for 20 minutes with armed Karen refugees who tried to commandeer a villager's pick-up truck for use in attacking a Thai village at Ban Tha Song Yang in Tha Song Yang district in Tak.

BPP sources said the refugees who claimed to be members of the anti-Rangoon Karen National Union wanted to attack the village, whose residents are Buddhists, in the belief the villagers helped the DKBA.

About 200 villagers evacuated the village during the incident and refused to return home last evening for fear of a renewed attack attempt.

An Army helicopter gunship was sent to the scene and found only three Karen were involved in the act. The Karen managed to escape into a refugee camp following the clash.

Wimon on Forced Repatriation

BK3004125795 Bangkok THE SUNDAY POST in English 30 Apr 95 pp 1, 3

[FBIS Transcribed Text] Army chief Gen Wimon Wongwanit said yesterday that intrusions by Democratic Karen Buddhist Army (DKBA) forces into Thailand to attack Karen refugee camps were aimed at regaining control of those Karen people still loyal to the Karen National Union (KNU).

He said the best solution to the problems surrounding Karen refugees along the border was to push them all back into Burma.

"If we were not afraid of being criticised by the world community on humanitarian grounds and if it would not give the country problems, then this Army chief would take only one week to push them all out, regardless of how many hundreds of thousands of Karens were now in the country.

"I used to do this with over 40,000 Cambodian refugees. If we were able to do the same with the Karens, I would finish the task in just one week," Gen Wimon said.

The Army chief, however, said if Thailand is still afraid of being criticised by other countries, especially international organisations which are now at the border providing assistance to the refugees, it should remove the Karen refugees from various camps and put them together in one large camp located deeper inside the country.

Doing this would not mean that Thailand is afraid of Burma, it would just make it easier to keep the Karens under control, he said.

Gen Wimon said not much money would be needed to carry out the relocation and that only one or two companies of troops would be sufficient to provide security for them so they wouldn't have to fear that their camp would be attacked.

The camp would be well-protected with a fence and landmines, he said adding that the Army and Interior Ministry were of the same opinion concerning this matter.

Interior Minister Sanan Khachonprasat has voiced support for Gen Wimon's relocation proposal, but the Foreign Ministry and National Security Council feel otherwise.

The Army chief admitted that if the relocation actually took place, it would be the Foreign Ministry that would need to speak for the Army to make other countries understand the action.

He admitted the Foreign Ministry still held a different view from the Army concerning the matter.

Therefore, for a better understanding, the Foreign Ministry must be briefed and taken to see the area.

Gen Wimon said he would submit his proposal to relocate the Karen refugees into one large camp in writing to the Government for consideration .

It depends on the Government as to whether or not the proposal will be agreed to, but something must be done now to ensure that Karen forces from outside the country cannot repeat their action, the Army chief said.

National Security Council deputy chief Khachatphai Burutphat said it would not be easy to relocate the camps because there are a limited number of areas for this purpose and Thai villagers may be affected.

The NSC deputy chief insisted that relocating the camps would be difficult because the refugees would destroy forest land.

It would be better to make some adjustments at refugee camps which are located at a vulnerable location, he suggested.

"This matter must be further discussed with government units in the border area," he said.

Commenting on the intrusions by foreign forces, Mr Khachatphai said local authorities are required to take drastic action to solve the problem and send reinforcements to the area to prevent further intrusions.

At the same time Thai villagers must be given due protection.

He said tens of thousands of Karen refugees are now taking temporary refuge at various camps in Tak and Mae Hong Son provinces.

Gen Bo Mya, leader of the Karen National Union, was known to have set up a new stronghold in Burma opposite Tak's Phop Phra District, the deputy NSC chief said.

"Thailand's policy is to provide temporary humanitarian aid to the Karens until they can return to their homeland, the same way as done with the Mon refugees," he added.

Mr Khachatphai admitted it is impossible for Thailand to totally seal the border, despite the arrival of reinforcements of defence volunteers border patrol police and military units.

The problems could be solved through political means, he said.

If the Burmese government resumed truce talks with the KNU and could reach a settlement, the problems would come to an end, Mr Khachatphai said.

Interior Minister Backs Relocation

BK2904131095 Bangkok BANGKOK POST in English 29 Apr 95 p 6

[FBIS Transcribed Excerpt] Interior Minister Sanan Khachonprasat backs Army Commander Gen Wimon Wongwanit's proposal to move Karen refugee camps deep inside Thai territory.

The relocation would help resolve security problems posed by the influx of Karen refugees camping along the border, Maj-Gen Sanan said yesterday.

If Karen refugee camps were moved deep inside Thailand it would make it difficult for foreign forces to cross the border and threaten the refugees.

"I agree with the idea and will discuss with the military where the camps should be relocated," he said.

Gen Wimon earlier said if Karen refugees were left to camp along the border it would pose a security threat and cause problems for the army in safeguarding the area.

Third Army commander Lt-Gen Surachet Dechatiwong said it would take time for government officials to relocate the camps.

The commander said there were so many Karen camps near the border they created a problem for the Third Army to keep the situation in check.

Burma denied it had anything to do with the attacks, he said. It claimed the Burmese army could not control Karen Buddhists as these people did not belong to the Burmese armed forces.

The commander said he was not certain whether Burmese soldiers were also involved in the assaults as it was hard to clearly identify them.

Prime Minister Chuan Likphai said Karen Buddhist forces might have been coordinating their actions with Burmese troops during the latest assault on Karen refugees in Tak's Tha Song Yang district.

Chiang Mai Governor Khamron Bunchoet is placing emphasis on preventing Burmese migrants from illegally entering Thailand across the Thai-Burmese border during clashes between Burmese troops and minority rebel forces.

The preventive measures were taken to avoid allegations that Thailand backs Burmese minority groups in assembling their forces on Thai soil.

Governor Khamron, after returning from a meeting of the Joint Thai-Burma Committee in Phitsanulok Province, disclosed that the main issue raised was the adverse impact of fighting between Burmese troops and Khun Sa's minority forces which has been affecting national security along the border.

The fighting in Burma, said the governor at the meeting, had caused a number of local Thai villagers to be injured by stray bullets landing on Thai soil and Burmese migrants to flee deeper into Thai territory.

Thailand also raised the issue of Thais being robbed and arrested by Burmese, said Mr Khamron, and requested that the Burmese representative bring it up before the central government to seek solutions.

He said Burma's Kengtung Governor, Gen Kyaw Win, a member of the Burma Committee, had mentioned that he was unhappy about a report on the death of a Thai villager, Mr Thawi Khamtankaeo, who was shot dead by Burmese troops in Tachilek District earlier this month.

Gen Kyaw Win was quoted as saying the Thai victim had slipped into Burma during heavy attacks, adding that the man had run away when Burmese soldiers asked to search him, leading them to misunderstand and think he was one of Khun Sa's men.

"Because it is only a representative of the Burmese government, the Burma Committee could not make any decision on the Thai villager's death.

"We therefore decided to directly send a letter to the Burmese government asking it to take responsibility for the incident," said Governor Khamron.

In an effort to avoid allegations that Thailand was supporting Burmese minority rebel forces, the governor said barriers such as gates and barbed-wire fences had been ordered put along critical border points to bar any migrants from illegally entering Thailand. [passage omitted citing REUTER interview with a Karen National Union official]

Karen 'Army' Threatens More Raids on Camps

BK0105045995 Bangkok BANGKOK POST in English 1 May 95 pp 1,3

[FBIS Transcribed Text] The Democratic Karen Buddhist Army (DKBA) vows to continue destroying Karen refugee camps in Thailand to force all the refugees back to Burma.

The DKBA wanted all Karens taking refuge in Thailand back in Burma before the rainy season starts, Capt. [Captain] Tu Na, commander of Methawe area opposite Tha Song Yang district of Tak province, said at the weekend.

It would use all means to ensure their return, whether voluntarily, through pressure from Thailand or by attacking all Karen refugee camps in this country, he said.

"We arranged the Methawe military camp to welcome back Karen refugees and began trying to persuade them to come home a few months ago. But they remained in Thailand.

"So we had to take violent measures by attacking and setting refugee camps ablaze," Capt. Tu Na said.

Karen refugees are returning to Burma every day and total more than 10,000 so far, he claims. Troops and Christian Karens are welcome.

These people would live in the north of Karen State, especially at the Myaiggyingu temple about 50 kilometres west of the Tha Song Yang border district in Tak, he said.

The temple accommodates just over 2,000 Karen families under the supervision of Phra U Thuzana (a monk) who is the top leader of the Democratic Karen Buddhist Organisation (DKBO), according to Capt. Tu Na.

The DKBO was willing to send former Karen refugees back to their homes upon request and to arrange new settlements for others who wanted neither to return to their original locations nor to live at the temple he said.

A new settlement is in Kamamaung beside the Salween River.

"We are working with troops of the State Law and Order Restoration Council (SLORC). When all Karen refugees come home, we'll cease fire and SLORC promises to pull its troops out of border areas.

"Karen people will then be permitted to set up their own government to live peacefully and the border will be fully opened for trade with Thailand," Capt. Tu Na said.

Senior SLORC officials always coordinate work with Phra U Thuzana to welcome back Karen refugees, according to Phra U Nyanika, an immediate subordinate of Phra U Thuzana.

The officials include SLORC's First General Secretary Lt-Gen [Lieutenant General] Khin Nyunt and Southeastern Force Commander Maj-Gen [Major General] Ket Sein.

Lt-Gen Toe Hiang, the Methawe camp commander, said many Karen refugees wanted to return to Burma but were blocked by Christian Karen armed forces manning refugee camps.

This prompted the DKBA to attack refugee camps to enable the refugees to return.

The DKBA needed to negotiate for Thai authorities to push back Karen refugees as it did not want Karens to rob and kill Thais, actions for which the DKBA was been blamed he said.

If Thailand cooperates, the DKBA will stop attacking the camps, he claims.

"Our operations will harm neither Thai officials nor villagers as we target only Christian Karen armed forces which are staying in Thailand.

"As the forces are armed, we have to attack with weapons," Lt-Gen Toe Hliang said.

He said he and Col. [Colonel] Bo Pyar had led about 500 troops to attack the refugee camp in Huay Manoke village last Friday.

The troops burned provincial police checkpoints on Tha Song Yang-Mae Sariang Highway because Christian Karen troops had been seen there.

Sergeant Thawatchai Wanon was kidnapped during that mission as he was mistaken for a Karen, Lt-Gen Toe Hlaing said. The officer was released after hii identity was proved .

Now we want Karen Nation Union Forestry Minister Phado Aung Sann and KNU military man Col. Be Na, who are staying in Ban Nae Woei refugee camp, to come back to Burma so all other Karens will follow them. Then civil wars in Burma will end peacefully," he said .

Lt-Gen Toe Hlaing claims he earlier asked Pado Aung Sann to return to Burma and Phado promised to consider the request. Upon his return, Phado would be appointed the DKBO leader.

But Phado would have to take responsibility for any damage caused by the DKBA's attack in Thailand as he was responsible for other Karen refugees refusing to return home, Lt. Gen. Toe Hlaing said.

The DKBO was founded with SLORC support late last year and has Bhuddhist Karens as members. Phra U Thuzana is the policy leader and Gen Yaw Het is the military chief.

It joined the Burmese government in seizing the Karen National Union's Manerplaw stronghold and other northern KNU bases, including Kawmura camp which was the second-most important base of the KNU.

Because of the DKBO's attack, the KNU retreated southward.

Lt-Gen Toe Hlaing said the DKBO set up the DKBA which had Buddhist Karen as its troops. The troops used weapons which had been seized from all conquered KNU bases.

The DKBO separated itself from the KNU because Buddhist Karens had been forced by Christian Karens to live as low-class people, he alleged.

Bhuddist Karens could be only inferior officials and had hard living conditions but Christian Karens had high positions, lived in good houses and some did businesses in Thailand.

Vietnam

Giap: U.S. Morally, Legally Liable for War

OW2904055495 Tokyo KYODO in English 0453 GMT 29 Apr 95

[By Tim Johnson]

[FBIS Transcribed Text] Hanoi, April 29 KYODO—Gen. Vo Nguyen Giap said the United States retains a "moral and legal" responsibility 20 years after the end of the Vietnam war to help Vietnam recover from the war's lingering effects.

"The United States has both moral and legal obligations toward Vietnam," Giap said.

The retired general spoke in Vietnamese to KYODO NEWS SERVICE at his home ahead of the anniversary of the communist seizure of Saigon, currently Ho Chi Minh City, on April 30, 1975.

The legendary war strategist, now 83, drew attention to Washington's pledge in the ill-fated January 1973 Paris Peace agreement to contribute to Vietnam's postwar reconstruction.

In the agreement, which brought about a temporary cease-fire and the withdrawal of American troops, the U.S. pledged reconstruction assistance to North Vietnam and other countries of Indochina.

Then U.S. President Richard Nixon, in a secret letter to then North Vietnamese Premier Pham Van Dong, put forward a target figure of 3.25 billion dollars of grant aid over five years, plus up to 1.5 billion dollars in "other forms of aid."

Vietnam's initial demand that the pledge be implemented was partly responsible for the failure of bilateral negotiations to normalize relations in 1977. Washington rejected the call on grounds that the aid figure and its implementation were subject to further detailed discussion and congressional approval, never given, while arguing that the pledge was nullified by North Vietnam's alleged failure to observe the Paris peace agreement.

Hanoi, for its part, has pointed to Nixon's written pledge that the aid would be implemented "without any political conditions," while arguing it was the U.S. which first violated the agreement.

Giap made note of the Paris agreement when asked if Vietnam may seek compensation for the damages and sufferings during the American phase of the war, in which it lost some 3 million soldiers and civilians.

"This is a matter for the two governments," he said, looking more like a kindly uncle than the detached architect of war who sent hundreds of thousands of young soldiers to their death.

The general suggested the issue of war responsibility is particularly topical in light of former Defense Secretary Robert McNamara's recent admission that the United States was "terribly wrong" in pursuing the war in Vietnam and "could and should have withdrawn" as early as 1963.

"I hold that Mr. McNamara's admission...is a very brave act," Giap said. "Not only Mr. McNamara, but I think that many other leaders of the United States should see that the war has caused us a lot of human and material losses."

Giap said that with the return of peace, "the wise policy is to normalize our bilateral relations, which is beneficial to both countries."

"To the United States, this is a chance to help ease the losses caused by the United States to Vietnam," he said.

Welcomes Improved Relations

OW0105002995 Tokyo MAINICHI SHIMBUN in Japanese 26 Apr 95 Morning Edition p 6

[By Masaharu Shimokawa]

[FBIS Translated Text] Hanoi, 25 Apr—General Vo Nguyen Giap, the renowned Vietnamese commander in the Vietnam war, in an exclusive interview with MAINICHI SHIMBUN on 25 April, said: "The Vietnam war was a war for independence and peace. That is why we won it." He praised as a "brave statement" former U.S. Defense Secretary Robert McNamara's remark that the U.S. military intervention in Vietnam "was a mistake."

Despite his age of 83, General Giap enjoys very good health, not minding touring local towns to give speeches. He showed strong desire for Vietnam to improve relations with the United States, saying: "We once fought the United States because they invaded this country with guns. But it is Vietnam's tradition to welcome peace-loving guests." The general said he "has read the beginning of McNamara's memoir," and emphatically said: "Basically, the Vietnam war was a war of aggression by the United States, and a war of self-defense for Vietnam." He also said that he has recently met former U.S. soldiers who fought in the war, and noted: "We welcome Americans coming to Vietnam as businessmen."

Speaking about his country's state of economic development, he pointed out that "Vietnam is one of the most impoverished countries in the world." But, referring to the reform program Doi Moi started in the late 1980s, he said Vietnam "has found a new way to build up socialism," and stressed, "Vietnam is on the path of development while many socialist countries are facing difficulties."

The general said he thinks the "collapse of the former Soviet Union resulted from choosing the wrong path in building up socialism." And he insisted: "We have only reformed the way of doing things, but have never changed the target of building up socialism." His remarks may be an expression of the stand of the Vietnamese military leadership wanting to adhere to the principle of building up Vietnamese-style socialism.

Anniversary of Liberation of South Celebrated

Do Muoi on Historic Victory

BK3004143895 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 30 Apr 95

[FBIS Translated Text] On the occasion of the 20th anniversary of the 1975 spring victory, General Secretary Do Muoi gave an interview to NHAN DAN and QUAN DOI NHAN DAN correspondents on 29 April on the significance of this historic victory, its lessons of experience, and the creative application of these experiences to the current renovation undertaking.

Regarding the significance of the victory, the general secretary stressed that the great victory in the spring of 1975 created the conditions to integrate national strength and accelerate the renovation undertaking. The important achievements in renovation have enhanced our people's spirit throughout the country. This strengthens our nation's position and power on the path toward a new stage of development—to advance toward industrialization and modernization and attain the objectives of making our people prosperous, our nation powerful, our society equitable and advanced, and our socialist construction triumphant.

Regarding the lessons of experience being applied to present realities, General Secretary Do Muoi said this is our unshakable objective and our impetus to fight for national independence and sovereignty. During the anti-U.S. war of resistance for national salvation, as in the current renovation undertaking, we faced numerous acute ordeals. If we do not have a steadfast objective, we may experience vacillation. If we do not have correct and creative self-governing lines and policies, we will not be able to build strong determination, firmly maintain our confidence in the final triumph, or develop ourselves to attain glorious victory in the anti-U.S. war of resistance and record great achievements in the current renovation undertaking.

The great lesson of experience we have learned is the strong trust in our people as manifested in our party's policy of taking the people as the base. The party must formulate correct and creative lines and policies while consistently relying on the people and taking them as the base. The entire party and each party member must think about the people's interests in carrying out every task. They must protect and serve the people as Uncle Ho taught us. It is necessary to stress that the current renovation undertaking is of the people, for the people, and by the people.

Ho Chi Minh City Marks Anniversary

BK3004154495 Hanoi VNA in English 1528 GMT 30 Apr 95

[FBIS Transcribed Text] Hanoi VNA April 30—A grand meeting was held in Ho Chi Minh City today to celebrate the 20th anniversary of the liberation of South Vietnam (April 30) and the International Labour Day (May 1st).

The meeting, co-sponsored by the party committee, the People's Council, the People's Committee, the Fatherland Front and the General Confederation of Labour of Ho Chi Minh City, was attended by party General Secretary Do Muoi, advisors to the party Central Committee Nguyen Van Linh and Vo Chi Cong, Prime Minister Vo Van Kiet, Vice President Nguyen Thi Binh, Chairman of the National Assembly Nong Duc Manh, President of the Vietnam Fatherland Front Le Quang Dao, General Vo Nguyen Giap and other senior party and state officials.

The meeting also drew the participation of 30,000 people including 1,000 residents who were born in 1975 when the city was liberated from the US-supported Saigon regime.

After municipal Mayor Truong Tan Sang's commemorative speech was a parade of the armed forces, workers, veterans and students through the main thoroughfares.

On this occasion, meetings and diversified cultural and sports activities were held nationwide.

An exhibition-fair named 'April 30' was opened in Can Tho, the capital of the southern province of Hau Giang, with the participation of more than 80 economic establishments in the Mekong River delta.

Resolution of 9th Assembly Session Released

BK2904163795 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 27 Apr 95

["Text" of the resolution adopted by the Ninth National Assembly's seventh session on "continued implementation of the tasks for 1995"; place and date not given—read by announcer]

[FBIS Translated Text] The SRV National Assembly

—Pursuant to Article 84 of the SRV Constitution;

—Pursuant to various resolutions on tasks for 1995, on the 1995 state budget estimate, and on the task regarding law enactment in 1995, as well on the resolution on the practice of thrift against waste and on the need to fight corruption and smuggling.

After examining various government reports, several activity reports from the National Assembly Standing Committee, the Supreme People's Court, and the Supreme People's Organ of Control; and roundups of views aired by voters and on the suggestions of National Assembly deputies during their debates, the National Assembly hereby decides:

1. To favor major policies and approaches aimed at successfully implementing the National Assembly resolution on tasks for 1995 as cited in the government report on some major issues over its leadership, in accordance with the National Assembly resolution.

2. To confirm those achievements scored in 1994 and in the early months of 1995.

3. To emphasize the need to overcome shortcomings and difficulties in successfully achieving various tasks and targets set by the National Assembly.

The National Assembly requests the implementation of the following pressing tasks:

1. As for the socioeconomic domain, on the basis of firmly grasping the situation, the government and various sectors and echelons must continue to implement the various assigned tasks.

They must provide guidance for the enforcement of the law on the promotion of domestic investment so as to create favorable conditions for various economic components to broaden their production and business, thus helping foster and strengthen the source of budget revenue.

Concentrated efforts must be made to provide guidance for various sectors and echelons to satisfactorily carry out their budget revenue collection duty in accordance with the National Assembly resolution, to guard against tax collection shortfalls, and to overcome the state of tax debts, particularly in the non-state economic sector, in export-import activities, and in items of collection relating to housing and land. All items of collection must be closely managed and fully deposited in the budget.

Expenditure must be based on available revenue. Whenever there is a budget collection shortfall, expenditure must be reduced accordingly.

It is necessary to strictly practice austerity, reexamine expenditure requirements so as to cut out items that are not necessary, especially unrealistic seminars, and to guard against the ills of ostentation as well as wasteful spending.

Efforts must be made to closely manage and effectively use capital investment in infrastructure construction, ensure the timely allocation of invested capital earmarked for various key projects, drop projects that have no pressing demands, particularly in the administrative domain, fight against waste and corruption, scrap irrational expenditure, step up exports, limit the import of goods that can be produced locally, prevent the surplus import of goods for consumption, and sternly deal with smuggling cases.

It is necessary to stabilize prices, particularly the prices of grain and foodstuff, ensure the safe supply of grain in all situation, maintain the reasonable balance between the prices of foodgrain and agricultural material supplies, and closely monitor market developments so as to take timely measures against inflation.

Efforts must be made to ensure sufficient and timely allocation of budgets already approved by the National Assembly for education without reducing them at will or misusing them for other purposes. Appropriate ways must be worked out to mobilize the contributions of the entire society for education. Favorable conditions must be created for needy children to attend school.

It is necessary to strengthen state management over the areas of culture, information, publishing, and news media.

With regard to national programs relating to social matters, particularly Program 327 and programs on settled farming and settled life, on doing away with hunger and poverty, on agricultural promotion, on job creation, and on the prevention and control of social evils, they must be carried out in accordance with set goals and directed at the right targets and down to the grass roots level.

2. With regard to the implementation of the Law on Land: We must continue to promulgate sub-law documents, provide guidance for the implementation of the law, reexamine existing legal documents for additional necessary amendments and supplements, and thoroughly explain the law and legal documents on land. State offices for land management from the central to grass roots level must be strengthened. The control and supervision over the implementation of the Law on Land must be improved to restore order in land management, stop land encroachment, intensify planning on land utility, and limit the use of rice fields for other purposes.

3. About administrative reform: We must concentrate our efforts to improve administrative procedures, eliminate embarrassing and inconvenient procedures, and reasonably adjust the state administration mechanism in 1995. We must restore order and discipline in administrative management, especially in city management and traffic safety. We must select, retrain, and train administrative cadres; improve the building of grass roots authorities; and combine the administrative reform with

the fight against corruption, smuggling, and waste and the speedy settlement of public complaints.

4. With respect to the establishment of administrative courts: We must urgently prepare necessary conditions for the formation of administrative courts within the system of people's courts. We must quickly introduce regulations on procedures to settle administrative matters and start the training of cadres for administrative courts.

5. As regards to the implementation of the legislative building program for 1995: The National Assembly Standing Committee [NASC] is entrusted with the duty to introduce draft bills which are outlined in the legislative building program, and to the National Assembly for approval in its eighth session. The NASC is also to continue examining and approving draft regulations assigned by the National Assembly, starting with draft regulations relating to laws that have been or will be promulgated in 1995. The NASC is going to draft the civil code, mineral resource bill, state budget bill, and draft bills to amend and supplement the Taxation Law, the Law on the Organization of People's Courts, and regulations on administrative courts. The NASC is to continue examining and amending the aforementioned laws and regulations before presenting them to the National Assembly.

For the civil code draft bill, it is necessary to satisfactorily organize to seek public opinion and urgently introduce sub-laws on this issue.

The National Assembly requests that organs of the National Assembly, the Government, the Supreme People's Courts, the Supreme People's Organ of Control, the Vietnam National Front, mass organizations, echelons, sectors, and National Assembly deputies, according to their function and duties, motivate people from all walks of life to organize for the successful implementation of this National Assembly resolution. The National Assembly also calls on people and soldiers in the entire country to develop their spirit of self-reliance, industry, and creativity for the successful execution of the 1995 duties to practically mark national holidays in 1995 and create conditions for the successful execution of the 1996-2000 five year plan.

This resolution was approved by the Ninth National Assembly in its seventh session on 20 April 1995 and signed by National Assembly Chairman Nong Duc Manh.

Minister on Current, Future Government Agenda

BK2904152995 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 27 Apr 95

[FBIS Translated Text] Minister Le Xuan Trinh, director of the Government Office, held a news conference in Hanoi on 27 April to review the results of the government's activities over the past two months, outline tasks for the coming period, and explain some issues related to press work.

Minister Le Xuan Trinh discussed the initial results of the national undertaking on administrative reform, especially the achievements in the reform of administrative procedures, concrete actions to restore social order and discipline, and efforts to reorganize the state mechanism and provide training to cadres. The minister said that in the coming months the government and ministries will continue to publicize new procedures that have been revised and corrected so that everybody can understand, observe, and supervise the implementation of the new procedures by state organs and officials.

He said the government will concentrate its work in May and June on restoring order and discipline in transport; city planning; land management, including control of rice fields and control of land planted with high value industrial trees; management of public housing and land; frugality; fighting the waste of state property; and so forth.

Regarding the violations of the dike protection regulations in Hanoi, the minister revealed that after the execution of the first phase of Decision 158, the prime minister acknowledged the efforts of party committees, local authorities, and mass organizations in Hanoi to make satisfactory achievements through careful and active preparation. The prime minister hailed the cadres and people, especially families living in the affected area, for their understanding and strict observation of state law. The impact of dealing with violations of dike protection regulations is felt not only in Hanoi but other localities as well. The lessons drawn from the implementation of the prime minister's decision include the uniform guidance on practical policies between various echelons and sectors; the fine combination of propaganda, education, motivation, and provision of spiritual and material support; and resolute, fair, and clear administrative measures to create conditions for the public to participate in and supervise the work performed by official cadres and state organs.

Minister Le Xuan Trinh said that based on the review of the first phase, the prime minister has decided to execute the second phase to ensure longterm and absolute safety for the dike and strictly maintain national order and discipline. The prime minister gave responsibility for executing the second phase to the minister of water conservancy to ensure the dike's safety. He also instructed the Hanoi People's Committee to coordinate with government ministries and central organs to carry out administrative measures, ensure the technical safety of the dike, and maintain national order and discipline.

The minister emphasized that work in the second stage includes administrative and technical measures with different specifications to protect the important part of the Hanoi dike. This work will also set an example in dealing with violations of dike protection regulations for other localities to follow and will provide guidance for other localities in implementing dike protection regulations strictly. Therefore, the prime minister requested that complete scientific calculations be included in the planning. All measures must be simple, easy to understand, and fair so that everyone can understand, discuss, carry out, and supervise the execution of the plan. Explanations must be offered to the public so everyone can understand and consciously observe the law. Lessons drawn from the first phase must be further developed in the second phase.

The minister also stated that to ensure fairness, the following cases will be clarified in the second phase:

—Houses built before the issuance of Government Decree No. 429;
—Houses built after the decree with all the legal papers;
—Houses built after the decree with permission issued by an unauthorized office; and —Houses built on state land without permission.

Maritime Director Interviewed on Ships, Ports

BK2904145095 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 26 Apr 95

[Interview with Dinh Ngoc Vien, director of the Maritime Department, by an unidentified station correspondent; place and date not given—recorded]

[FBIS Translated Text] [Correspondent] In Vietnam's maritime economic development, the maritime sector has made very important contributions. However, at present it is reported that all the cargo fleets are too old and dilapidated. That is why they are unable to get a fair share of the international shipping market. Has the maritime sector paid any attention to this issue? If so, what are its approaches for the period between now and the year 2010?

[Dinh Ngoc Vien] Our country currently has approximately 700 cargo ships of various sizes from 100 to 150,000 dead-weight-tonnes. Every year, our fleets transport some seven million tonnes of goods on both domestic and international routes. Our main constraints at present are the serious deterioration of our fleets and its fragmented management because there are many ship owners. According to statistics obtained by the Vietnamese Maritime Department, there are now 139 large or small ship owners belonging to the central or local levels and various sectors. Meanwhile, we lacks specific-purpose cargo ships. Therefore, to regain a fair share of cargo shipping for Vietnam, one of the most important aspects in our economic development for the period until 2000 and 2010 is to restructure our fleets to suit the situation. We must clearly determine the tonnage of our cargo ships plying domestic and international routes for our general economic development, in particular the specific-purpose vessels. It is an advantage that our crude oil production is now relatively high. This is why we must build up a fleet of oil tankers. As the need for container shipping has increased considerably, the Maritime Department's most important task now is to promptly build up various fleets of special-purpose ships such as container vessels, oil tankers to carry crude for export or petroleum products to serve the national economy, and large freighters to carry bulky goods for export such as fertilizer, cement, and anthracite.

[Correspondent] Along with modernizing the various cargo fleets, it is believed that the upgrade of various seaports has also become a pressing requirement. How much attention has the maritime sector paid to this matter?

[Dinh Ngoc Vien] The quantity of goods bypassing through Vietnamese seaports is growing. A number of jetties and harbors have been upgraded. One of the most important tasks under the maritime sector's economic development strategy for the period until the years 2000 and 2010 is to revise our plan for seaports. In the plan, we have clearly determined four important zones. The first is the northeast to serve the north's economic strategy, the second being the central zone, the third being the Ho Chi Minh-Vung Tau-Thi Vai zone, and the fourth being the Nam Bo Delta zone. One of the sector's important tasks in the future is to promptly upgrade and modernize the Haiphong port so that special-purpose cargo ships, particularly container vessels, can ply in and out smoothly. Later, we will build a series of deep-sea ports for our future economic goals. In this respect, we will upgrade the Danang port, particularly the Tien Sa area, and build various industrial zones bordering the seaports such as the Dung Quat industrial zone in Quang Ngai, the Cua Lo industrial zone in central Vietnam, and the Nghi Son industrial zone in Thanh Hoa. Apart from serving our industry-based economy, they will contribute to building the sub- regional economy in Southeast Asia. In the south, aside from upgrading and modernizing the Saigon port, we will build several modern, deep-sea ports at the Thi Vai area and the Sao Mai-Ben Dinh area in Vung Tau. Recently, with state approval, the Vietnamese Maritime Department officially signed an agreement with Singapore-owned Tredia Investment Company to build a deep-sea transit port at the Sao Mai-Ben Dinh area in Vung Tau. As for the fourth zone, the Nam Bo Delta, it will be mainly for export activities.

[Correspondent] It is reported that last year the maritime sector made great efforts to build a system of lighthouses to ensure the safety of maritime shipping. By the way, could you tell us more about what has been done by the sector in this respect? What problems do you think should be ironed out to ensure better safety?

[Dinh Ngoc Vien] Our maritime sector is managing over 50 lighthouses presently. Since Vietnam opened itself to the world, a large number of ships have been using our ports. The lighthouses and buoys marking a channel or something underwater has become very important. Lately, we have consolidated the system of lighthouses in the northeastern and central parts of the country. As for the southwest, we have built lighthouses, including in the Tho Chu, Phu Quoc, and Con Dao islands, and most recently on the Phu Qui island. Under the overall regional development program and with state approval, we have installed lighthouses in the Spratlys archipelago, bringing the total there to over a dozen. With regard to the Song Tu Tay, Da Tay, Da Lat, and Tu Chinh groups of islands, we have sent professional cadres and workers there to provide security for maritime shipping. We will continue to perfect our coastal lighthouse system. This will make it possible for us to join the world community in assuming responsibility for maritime safety or rescue missions. In this respect, we will build a radar system and defend Vietnamese territory with responsible security organs. In building these coastal lighthouses and radar system, money has become one of the most difficult problems for us because funds obtained for such work usually come late, shown by the fact that we have so far received no financial settlement for certain projects whose construction were completed in 1994. Studies on the administrative system and policy toward maritime officers and sailors or cadres and workers of various offshore lighthouses must continue to ease their working conditions.

[Correspondent] Thank you.

Minister Discusses Development of Energy Sector

BK2904160295 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 27 Apr 95

[By Energy Minister Thai Phung Ne]

[FBIS Translated Text] After a period of restoration, the electricity industry has gradually implemented development masterplans for the first stage (1981-85), the second stage (1986-90), and the third stage (1991-95). The result is that many important and large-scale power supply and transmission network projects have been completed and put in operation. Examples are the Pha Lai thermal power plant, Tri An and Hoa Binh hydroelectric power plants, the gas-operated turbines in the south, and the Vinh Son and Thac Mo hydroelectric power plants. The total capacity nationwide has been raised to over 4,400 Megawatt or 3.4 times higher than in 1975.

The under 240-kilovolt transmission and distribution networks are well developed. After two and a half years of construction, we have completed and inaugurated the 500-kilovolt north-south powerline. This has unified the national electrical system and ended the illogical situation of oversupply in the north, while failing to meet demand in the south, the central region, and especially the central highlands.

In parallel with the rapid national socioeconomic development, and thanks to considerate and effective exploitation of energy resources, the electricity transmission and distribution networks have gradually grown to cover and aid the renovation and socioeconomic development of rural and mountainous areas. To date the national electricity network covers 84.3 percent of all districts and 55 percent of all villages.

The development of power supply sources and its distribution network have raised the status of the electricity sector. In 1994, total production reached 12.270 billion kilowatt-hour or 4.75 times higher than in 1975. Commercial use comprised 9.230 billion kilowatt-hour or 4.74 times higher than in 1975.

The coal sector has also reorganized its production to meet diversified consumer demand, domestic and foreign, and upgraded to an assortment of technologies. It has also upgraded coal ports such as Cam Pha, where ships of up to 35,000 dead weight tonnes [dwt] can now dock; the Hon Gai Port for docking ships up to 12,000 dwt; and Dien Cong Port for 5,000-dwt vessels. We have recovered our original export markets in Asia, expanded to Europe and even to the United States.

In the past 20 years, the coal industry has exploited and supplied 107 million tonnes of clean coal, exported 16.8 million tonnes, and moved 351 million cubic meters of earth and rock.

In the period to come, to satisfy the energy demands of industrialization and modernization, both the electricity and coal industries need to develop strongly. The electricity sector should be developed in terms of power supply sources and transmission and distribution networks. By the year 2000, the national electricity output target should reach 26-29 billion kilowatt-hour, and 56-68 billion kilowatt-hour by 2010.

In relation to power supply sources, it is envisaged that the following projects will be completed and put into operation: the Yali and Song Hinh hydroelectric projects, the Phu My gas thermal power plant, the Ham Thuan-Da Mi hydroelectric power plant, and the Pha Lai II coal thermal power plant. The turbine groups in the south will be operated uniformly under a combined program. Next, we will plan for the construction of other plants according to power demands in the post-2000 period. These are the hydroelectric projects of Ple-Krong, Ban Nai, Dai Ninh, Te Sam Ba in Son La, the thermal power plants in the north, and the gas-operated combined turbines in the south. We will also have upgrade and modernization programs for existing power plants.

About the power grid, we will construct many electrical wire and transformer stations at different voltage levels for transmission as well as distribution networks. This is to match with the increasing number of power supply sources and to fulfill the aim of nationwide electrification. We will also speed up the improvement of existing electrical wiring networks in cities and towns as well as in rural areas, and strengthen safety, reliability, service, and reduce electricity loss.

Investment capital for the above electricity supply and distribution network projects will mount to $0.8-1 billion a year. In addition to domestically-mobilized capital sources, investment capital from foreign aid and cooperation sources are extremely important. The following projects have determined sources of capital. They include the Phu My thermal power project, Ham Thuan-Da Mi hydroelectric power project, and Pha Lai II thermal power plant, which receives ODA [Official Development Aid] from the Japanese Government; the renovation of powergrid networks of the Hanoi, Haiphong, and Nam Dinh which is funded by the Asian Development Bank; the renovation of powergrid networks of Ho Chi Minh City, Hue, and Nha Trang with [words indistinct]. Apart from these, the Vietnam electricity industry will appreciate and welcome cooperation from other countries and international organizations in other electricity development projects with financing from the ODA; or through short-, medium-, and long-term capital loans; through long loan repayment terms for the supply of material and equipment; in Build-Operate-Transfer joint ventures, and so forth.

The coal industry will have to intensify in-depth investment to develop production and modern technologies to improve on its inconsistency in production and realize its potential. At the same time, it will have to mobilize capital for new projects to expand existing coal mines so that they will be able to respond to the future demand estimated at 8.5 million tonnes by the year 2000 and 10.5 million tonnes by 2010.

The plan to develop the coal industry will require an invesment of $50-60 million a year. The industry wishes to broaden cooperative ties with other countries and international organizations by investing in development projects through ODA; short, medium-, and long-term loans; and material and equipment supply loans with long repayment terms or in the form of coal exports. The capital will be used in projects to modernize exploitation, processing, and transport.

Apart from development projects in electricity and coal industries, the energy sector also has investment and cooperation needs in the development of electrical technology, spare parts and equipment production to provide materials to the construction, operation, and maintenance sectors of electricity and coal establishments, and to modernize existing technical facilities.

With the existing physical framework, abundant and diversified energy resources such as hydropower, coal, oil, and gas, and with suitable policies to mobilize domestic and foreign capital through various forms of investment and cooperation activities with other countries and international organizations, Vietnam's energy sector has tried and will continue to follow the development path for the sake of socioeconomic development and the industrialization and modernization of the country on the threshold of the 21st century.

Thac Mo Power Plant Said Fully Operational

BK2804145695 Hanoi VNA in English 1412 GMT 28 Apr 95

[FBIS Transcribed Text] Hanoi VNA 28 Apr.—The second and last 75 mw-generator unit of the Thac Mo hydro-electric power plant in the southern province of Song Be was put into operation recently. The damming of The Be River for the 150-mw plant (180 km northwest of Ho Chi Minh City) took place on Dec. 27, 1993 and the plant's first generator unit started operation last year. The plant which cost more than 1,500 billion Vietnamese dong (roughly USD 150 million) is expected to provide 650 million kwh/year.